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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROCUREMENT OF RAW MATERIALS AND PRODUCTS FROM AND SUPPLY OF PRODUCTS TO CONNECTED PERSON AT SUBSIDIARY LEVEL

The Board would like to announce that on 7 May 2026, the Company and ITOCHU have entered into the (1) Master Raw Materials and Products Procurement Agreement and (2) Master Products Sale Agreement pursuant to which the Group has agreed to purchase certain raw materials and merchandises from, and supply certain finished goods to, ITOCHU respectively. The term of both of the Master Raw Materials and Products Procurement Agreement and Master Products Sale Agreement is a term commencing from 1 January 2026 to 31 December 2028 which are renewable upon expiry for further terms of three years subject to compliance with applicable requirements under the Listing Rules.

LISTING RULE IMPLICATIONS

On 7 May 2026, the subscription by Itochu HK of 19% issued share capital of NMS, a subsidiary of the Company, was completed. As at the date of this announcement, the total issued shares of NMS, a subsidiary of the Company, are owned as to 81% and 19% by the Company and Itochu HK, respectively. Itochu HK is wholly owned by ITOCHU. Accordingly, ITOCHU is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at subsidiary level. To the knowledge of the Company based on the information available to it, ITOCHU holds approximately 0.94% shareholding of the Company as at the date of this announcement and thus ITOCHU is not a connected person at the Company's level. The transactions contemplated under the Master Raw Materials and Products Procurement Agreement and Master Products Sale Agreement therefore constitute continuing connected transactions for the Company involving connected person at subsidiary level.

As all applicable percentage ratios in respect of the Proposed Annual Caps under the Master Agreements, are above 1%, and given ITOCHU is a connected person at subsidiary level of the Company, the Master Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Chapter 14A.101 of the Listing Rules.

1. Master Raw Materials and Products Procurement Agreement

(i) Background

The Company (for itself and on behalf of its subsidiaries) entered into the Master Raw Materials and Products Procurement Agreement with ITOCHU (for itself and on behalf of its subsidiaries) on 7 May 2026 with a term commencing from 1 January 2026 to 31 December 2028 which is renewable for further terms of three years upon expiry subject to the applicable requirement under the Listing Rules. Pursuant to the Master Raw Materials and Products Procurement Agreement, the Group agreed to purchase certain raw materials and merchandises from the ITOCHU Group.

(ii) Principal terms of the agreement

Pursuant to the Master Raw Materials and Products Procurement Agreement, members of the Group would purchase certain raw materials and merchandises from members of the ITOCHU Group on a non-exclusive basis. The purchase price of the raw materials and merchandises supplied by the ITOCHU Group under the Master Raw Materials and Products Procurement Agreement and payable by the Group shall be determined based on the quoted price for the products to be supplied. Such quoted price shall be determined on a semi-annual basis for raw materials and on an annual basis for merchandises through arm's length negotiations between the parties and on normal commercial terms, having regard to the following:

(a) the prevailing market price for the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers;

(b) the quoted price shall not be higher than the price charged by the relevant members of the ITOCHU Group to an independent third party purchaser when dealing on an arm's length basis, having regard to any other relevant circumstances such as similar type, quality, quantity, and timing; and

(c) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective members of the ITOCHU Group and the Group; and (ii) terms that the relevant members of the Group believe would be no less favourable to them than terms available from independent third party suppliers in such arm's length transactions as described in paragraph (a) above.

(iii) Pricing policy

To ensure fair and transparent pricing, in respect of raw materials and merchandises that can be sourced from independent suppliers, the Group shall perform market price benchmarking to obtain quotations from two independent suppliers to ensure the purchase price offered by ITOCHU Group is no less favourable to the Group. This process involves collecting and analysing quotations from independent suppliers based on evaluation criteria such as market price, quality, delivery lead time, logistics costs and historical prices. The procurement department of the Group will conduct the initial review and validation of benchmark data, followed by compliance checks to verify adherence to internal policies and regulatory requirements. Final approval of benchmark results shall rest with senior management.

The Group will purchase raw materials and merchandises from members of the ITOCHU Group if the price and quality of the products offered are comparable to or more favourable to the Group than those offered by such Independent Third Parties for the same or comparable products.

(iv) Historical transaction amounts

The total transaction amounts for the Group's purchase of raw materials and merchandises from ITOCHU Group were approximately HK$22.8 million, HK$13.6 million and HK$12.7 million for the years ended 31 December 2023, 2024 and 2025, respectively. The year-on-year decrease from 2023 to 2024 was mainly attributable to the decrease in the purchase of wheat flour as the Group purchased from another supplier offering more competitive pricing during certain periods.

(v) Proposed Annual Caps and basis of determination

It is expected that the annual transaction amounts payable by the Group to ITOCHU Group under the Master Raw Materials and Products Procurement Agreement for the years ending 31 December 2026, 2027 and 2028 will not exceed HK$61.1 million, HK$79.2 million and HK$92.3 million, respectively. The Proposed Annual Caps for the transaction amounts under the Master Raw Materials and Products Procurement Agreement were determined based on (i) the historical transaction amounts; (ii) anticipated additional purchase of merchandises such as sauce products and confectionery products in the transaction amounts for the years ending 31 December 2026, 2027 and 2028 of (a) approximately HK$41.2 million, (b) approximately HK$57.2 million, and (c) approximately HK$68.4 million, respectively, based on expected new purchase orders; and (iii) prevailing market prices of the products.

(vi) Reasons for and benefits of entering into the Master Raw Materials and Products Procurement Agreement

The raw materials supplied by ITOCHU Group to the Group under the Master Raw Materials and Products Procurement Agreement mainly consist of wheat flour. ITOCHU trades raw materials, including wheat flour and vegetable oil, marine products and dairy products from Japan, Vietnam, Malaysia, China, India and Australia and markets mainly to Hong Kong, Japan and other countries in Asia. The Company considers that sourcing such raw materials through ITOCHU Group would allow the Group to gain access to suppliers from countries all around the world more efficiently and benefit from the lower procurement cost when purchases are made together with ITOCHU Group at a large volume. On the other hand, the merchandises purchased from ITOCHU Group mainly includes retort pouch, as well as third-party branded food items including mineral water, sauce products, confectionery products and beverage products. This arrangement strengthens the Group's product procurement capabilities, allowing for the exploration and development of new agent brands not only from Japan but also from other overseas markets to delight local consumers. 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 in turn is expected to enhance the overall income and profitability of the Group. Hence, it is believed that the transactions contemplated under the Master Raw Materials and Products Procurement Agreement are beneficial to the business growth and development of the Group as a whole.

(vii) Listing Rules Implication

On 7 May 2026, the subscription by Itochu HK of 19% issued share capital of NMS, a subsidiary of the Company, was completed. As at the date of this announcement, the total issued shares of NMS, a subsidiary of the Company, are owned as to 81% and 19% by the Company and Itochu HK, respectively. Itochu HK is wholly owned by ITOCHU. Accordingly, ITOCHU is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at subsidiary level. To the knowledge of the Company based on the information available to it, ITOCHU holds approximately 0.94% shareholding of the Company as at the date of this announcement and thus ITOCHU is not a connected person at the Company's level. The transactions contemplated under the Master Raw Materials and Products Procurement Agreement therefore constitute continuing connected transactions for the Company involving connected person at subsidiary level.

As all applicable percentage ratios in respect of the Proposed Annual Caps under the Master Raw Materials and Products Procurement Agreement, are above 1%, and given (i) ITOCHU is a connected person at subsidiary level of the Company; (ii) the transactions contemplated under the Master Raw Materials and Products Procurement Agreement are in the ordinary and usual course of business of the Group; and (iii) the Board (including all the independent non-executive Directors) has approved Master Raw Materials and Products Procurement Agreement and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and its shareholders as a whole, and the Master Raw Materials and Products Procurement Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Chapter 14A.101 of the Listing Rules.

2. Master Products Sale Agreement

(i) Background

The Company (for itself and on behalf of its subsidiaries) entered into the Master Products Sale Agreement with ITOCHU (for itself and on behalf of its subsidiaries) on 7 May 2026 with a term commencing from 1 January 2026 to 31 December 2028 which is renewable for further terms of three years upon expiry subject to the applicable requirement under the Listing Rules. Pursuant to the Master Products Sale Agreement, the Group agreed to supply certain finished goods to ITOCHU Group.

(ii) Principal terms of the agreement

Pursuant to the Master Products Sale Agreement, members of the Group would supply certain finished goods to members of ITOCHU Group on a non-exclusive basis. The purchase prices of the finished goods payable by the ITOCHU Group under the Master Products Sale Agreement shall be determined with reference to prevailing market prices, taking into account the nature, quality, quantity, and timing of the finished goods, and shall be agreed between the relevant members of the Group and the relevant members of the ITOCHU Group on an arm's length basis, having regard to the following:

(a) the purchase price shall not be lower than the price charged by the relevant members of the Group to an independent third party customer when dealing on an arm's length basis, having regard to any other relevant circumstances such as similar type, quality, quantity, and time; and

(b) if no such comparable reference prices are available, the purchase price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective members of the Group and the ITOCHU Group; and (ii) terms that the relevant members of the Group believe would be no less favourable to them than terms available from independent third party purchasers who were to be their counterparties in such arm's length transactions as described in paragraph (a) above.

(iii) Pricing policy

The Group would make enquiries regarding the wholesale prices of these finished goods or similar products from no less than two independent third-party distributors in the local markets. Our sales team will negotiate with ITOCHU Group for a fair and reasonable price for the sale of such finished goods.

The Group will supply finished goods to members of ITOCHU Group if the prices of the products offered are comparable to or more favourable to the Group than those offered by such Independent Third Parties for the same or comparable products.

(iv) Historical transaction amounts

The total transaction amounts for the Group's supply of finished goods to ITOCHU Group were approximately HK$694.7 million, HK$647.0 million and HK$750.4 million for the years ended 31 December 2023, 2024 and 2025, respectively.

(v) Proposed Annual Caps and basis of determination

It is expected that the annual transaction amounts receivable by the Group from ITOCHU Group under the Master Products Sale Agreement for the years ending 31 December 2026, 2027 and 2028 will not exceed HK$906.7 million, HK$978.0 million and HK$1,056.3 million, respectively. The Proposed Annual Caps for the transaction amounts under the Master Products Sale Agreement were determined based on (i) the historical transaction amounts; (ii) the production capacity of the Group; (iii) the anticipated increase in the demand of ITOCHU Group for finished goods to be supplied by the Group, including instant noodles; and (iv) prevailing market prices of the products.

(vi) Reasons for and benefits of entering into the Master Products Sale Agreement

ITOCHU Group has been distributing the Group's instant noodle products in the PRC, Hong Kong, and Macau since the 1980s. The Company believes that supplying finished goods to ITOCHU will enable the Group to leverage ITOCHU's partnerships with major retail chains and its experience with Chinese e-commerce platforms to expand both online and offline sales channels. In addition, the arrangement is expected to utilise advanced logistics networks in the PRC, which aim to improve operational efficiency and support the Group's sustained growth and market competitiveness. Further, the Directors consider that the supply of finished goods to ITOCHU Group has been conducted in the ordinary and usual course of business of the Group under terms that are similar to those entered into between the Group and other distributors who are Independent Third Parties. Based on the above, it is believed that it is beneficial to the Group to continue the transactions contemplated under the Master Products Sale Agreement.

(vii) Listing Rules Implication

On 7 May 2026, the subscription by Itochu HK of 19% issued share capital of NMS, a subsidiary of the Company, was completed. As at the date of this announcement, the total issued shares of NMS, a subsidiary of the Company, are owned as to 81% and 19% by the Company and Itochu HK, respectively. Itochu HK is wholly owned by ITOCHU. Accordingly, ITOCHU is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at subsidiary level. To the knowledge of the Company based on the information available to it, ITOCHU holds approximately 0.94% shareholding of the Company as at the date of this announcement and thus ITOCHU is not a connected person at the Company's level. The transactions contemplated under the Master Products Sale Agreement therefore constitute continuing connected transactions for the Company involving connected person at subsidiary level.

As all applicable percentage ratios in respect of the Proposed Annual Caps under the Master Products Sale Agreement, are above 1%, and given (i) ITOCHU is a connected person at subsidiary level of the Company; (ii) the transactions contemplated under the Master Products Sale Agreement are in the ordinary and usual course of business of the Group; and (iii) the Board (including all the independent non-executive Directors) has approved Master Products Sale Agreement and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and its shareholders as a whole, and the Master Products Sale Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Chapter 14A.101 of the Listing Rules.

Confirmation from the Directors

The Directors (including the independent non-executive Directors) consider that the terms of each of the Master Agreements are conducted on normal commercial terms in the ordinary and usual course of business of the Group, and the terms of the Master Agreements and the Proposed Annual Caps are fair and reasonable and such transactions are in the interests of the Company and its Shareholders as a whole. No Director has any material interest in the transactions contemplated under the Master Agreements, therefore none of the Directors has abstained from voting at the Board's meeting to approve the entering of the Master Agreements and the Proposed Annual Caps.

GENERAL INFORMATION RELATING TO THE GROUP AND ITOCHU

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.

ITOCHU is a corporation incorporated under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange with the stock code 8001. ITOCHU held approximately 5.63% of the issued share capital of Nissin Japan and Nissin Japan also held less than 1.0% of the issued share capital of ITOCHU, as at the date of this announcement. ITOCHU primarily engages in business of trading and investment activities, covering segments such as textile, machinery, metals and minerals, energy and chemicals, food, realty and others.

INTERNAL CONTROL MEASURES

To ensure the transactions contemplated under the Master Agreements are priced fairly and reasonably and in the interests of the Group and the Shareholders as a whole, the Group has adopted the following internal control measures:

(1) The Group will gather market information from time to time on the market prices offered by other competitive market players and the availability for comparable products in the market.

(2) The procurement department is tasked with monitoring raw material price trends and fluctuations and providing insights into market conditions.

(3) The Group will assess the scope and scale of the products and obtain reference quotations from Independent Third Parties for setting the prevailing market price.

(4) The finance department of the Company will on a monthly basis check whether the transactions amounts recorded in the accounting system of the Company are consistent with the pricing mechanism.

(5) The audit committee of the Company will conduct an annual review of the pricing terms and transaction amounts in respect of the transactions under the Master Agreements.

(6) The independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions to confirm that such transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(7) The Company's external auditors will conduct an annual review on the continuing connected transactions.

DEFINITIONS

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

"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
"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 PRC

"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)
"Itochu HK"	Itochu Hong Kong Limited (formerly known as C. ITOH & Company (Hong Kong) Limited), a company incorporated under the laws of Hong Kong with limited liability and a wholly owned subsidiary of ITOCHU
"ITOCHU"	ITOCHU Corporation, a company established under the laws of Japan on 1 December 1949 whose shares are listed on the Tokyo Stock Exchange, Inc. (stock code: 8001)
"ITOCHU Group"	ITOCHU and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	The Macau Special Administrative Region of the PRC
"Main Board"	the main board of the Stock Exchange
"Master Agreements"	including the Master Raw Materials and Products Procurement Agreement and Master Products Sale Agreement
"Master Products Sale Agreement"	the master agreement in connection with the sale of products of the Group entered into between the Company and ITOCHU on 7 May 2026
"Master Raw Materials and Products Procurement Agreement"	master agreement in connection with the purchase of raw materials and products of the Group entered into between the Company and ITOCHU on 7 May 2026
"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
"NMS"	Nissin Marketing & Sales (H.K.) Limited (formerly known as Hong Kong Eastpeak Limited), a company incorporated under the laws of Hong Kong with limited liability and owned as to 81% and 19% by the Company and Itochu HK, respectively as at the date 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, Macau and Taiwan
"Proposed Annual Caps"	the anticipated maximum annual value for the transactions contemplated under each of the Master Raw Materials and Products Procurement Agreement and Master Products Sale Agreement for the years ending 31 December 2026, 2027 and 2028

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Hong Kong, 7 May 2026

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