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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)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Board”) of Nissin Foods Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative unaudited figures for the corresponding period in 2023 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	1,822,499	1,929,345
Cost of sales and services		(1,185,046)	(1,271,027)
Gross profit		637,453	658,318
Other income	6	20,748	24,699
Selling and distribution costs		(260,831)	(276,752)
Administrative expenses		(148,381)	(147,537)
Other expenses		(17,839)	(19,031)
Other gains and losses	7	(7,422)	(9,671)
Finance costs		(223)	(134)
Profit before taxation		223,505	229,892
Income tax expense	8	(51,665)	(57,244)
Profit for the period	9	171,840	172,648

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME – continued**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

		<b>Six months ended 30 June</b>	
	<i>NOTE</i>	<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(14,874)</u>	<u>(57,561)</u>
Total comprehensive income for the period		<u><b>156,966</b></u>	<u>115,087</u>
Profit for the period attributable to:			
Owners of the Company		<u>169,489</u>	171,687
Non-controlling interests		<u>2,351</u>	961
		<u><b>171,840</b></u>	<u>172,648</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<u>154,615</u>	113,354
Non-controlling interests		<u>2,351</u>	1,733
		<u><b>156,966</b></u>	<u>115,087</u>
Earnings per share	<i>11</i>		
Basic (HK cents)		<u><b>16.24</b></u>	<u>16.45</u>
Diluted (HK cents)		<u><b>16.24</b></u>	<u>16.45</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2024**

	<i>NOTES</i>	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
<b>Non-current Assets</b>			
Property, plant and equipment		<b>1,626,133</b>	1,679,372
Right-of-use assets		<b>176,796</b>	179,994
Goodwill		<b>62,618</b>	62,779
Intangible assets		<b>23,958</b>	26,444
Interest in an associate		<b>116</b>	116
Financial assets at fair value through profit or loss		<b>39,731</b>	38,487
Deferred tax assets		<b>71,331</b>	69,684
Prepayments for acquisition of property, plant and equipment		<b>58,553</b>	42,941
Prepayments for acquisition of business		<b>85,055</b>	–
Time deposits with maturity over one year		<b>–</b>	77,244
Rental deposits		<b>2,516</b>	2,516
		<b>2,146,807</b>	2,179,577
<b>Current Assets</b>			
Inventories		<b>370,793</b>	415,015
Trade receivables	12	<b>379,034</b>	372,854
Other receivables, prepayments and deposits		<b>63,587</b>	66,318
Loan receivable		<b>–</b>	274
Amount due from ultimate holding company		<b>6,590</b>	4,558
Amounts due from fellow subsidiaries		<b>36,394</b>	34,349
Tax recoverable		<b>22,411</b>	29,539
Financial assets at fair value through profit or loss		<b>221,617</b>	215,679
Time deposits with maturity over three months but not exceeding one year		<b>153,742</b>	166,516
Cash and cash equivalents		<b>1,168,371</b>	1,199,054
		<b>2,422,539</b>	2,504,156
<b>Current Liabilities</b>			
Trade payables	13	<b>141,138</b>	150,320
Other payables and accruals		<b>601,077</b>	666,738
Amount due to ultimate holding company		<b>22,190</b>	29,693
Amounts due to fellow subsidiaries		<b>4,481</b>	4,332
Lease liabilities		<b>5,523</b>	8,559
Tax liabilities		<b>25,531</b>	33,165
Deferred income		<b>3,075</b>	3,378
		<b>803,015</b>	896,185
<b>Net Current Assets</b>		<b>1,619,524</b>	1,607,971
<b>Total Assets less Current Liabilities</b>		<b>3,766,331</b>	3,787,548

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued**  
*AT 30 JUNE 2024*

	<i>NOTE</i>	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
<b>Capital and Reserves</b>			
Share capital	14	2,941,441	2,941,441
Reserves		<u>679,070</u>	<u>690,000</u>
Equity contributable to owners of the Company		<b>3,620,511</b>	3,631,441
Non-controlling interests		<u>45,613</u>	<u>43,262</u>
<b>Total Equity</b>		<u><b>3,666,124</b></u>	<u>3,674,703</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		<b>80,336</b>	93,117
Lease liabilities		<b>2,115</b>	1,113
Deferred income		<u>17,756</u>	<u>18,615</u>
		<u><b>100,207</b></u>	<u>112,845</u>
		<u><b>3,766,331</b></u>	<u>3,787,548</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1. GENERAL INFORMATION

Nissin Foods Company Limited (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., 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 and snacks and vegetable products, and provision of research and publicity services, the place of operation are located in Hong Kong, other Asia and Mainland China.

The unaudited consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial information relating to the year ended 31 December 2023 that is included in these condensed consolidated financial statements 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 2023 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.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS1	Non-current Liabilities with Covenants
Amendments to HKAS7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2024 (unaudited)			For the six months ended 30 June 2023 (unaudited)		
	Hong Kong and other Asia (as defined in Note 5) HK\$'000	Mainland China (as defined in Note 5) HK\$'000	Total HK\$'000	Hong Kong and other Asia (as defined in Note 5) HK\$'000	Mainland China (as defined in Note 5) HK\$'000	Total HK\$'000
<b>Types of goods and services</b>						
Sales of goods	704,472	1,114,375	1,818,847	749,782	1,176,253	1,926,035
Others ( <i>Note</i> )	1,384	2,268	3,652	1,754	1,556	3,310
Total	<u>705,856</u>	<u>1,116,643</u>	<u>1,822,499</u>	<u>751,536</u>	<u>1,177,809</u>	<u>1,929,345</u>
<b>Timing of revenue recognition</b>						
A point in time	704,583	1,116,643	1,821,226	750,113	1,177,809	1,927,922
Over time	1,273	–	1,273	1,423	–	1,423
Total	<u>705,856</u>	<u>1,116,643</u>	<u>1,822,499</u>	<u>751,536</u>	<u>1,177,809</u>	<u>1,929,345</u>

*Note:* Others mainly include revenue from provision of research and publicity services.

#### 5. SEGMENT INFORMATION

The Group is organised into operating business units according to the major place of operations of the relevant group entities. The Group determines its operating segments based on these business units by reference to their respective major place of operations, for the purpose of reporting to the chief operating decision maker, i.e. the managing director of the Company.

Specifically, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

- Hong Kong and other Asia: Manufacturing and sales of noodles, frozen foods and other products in Hong Kong and overseas, and provision of research and publicity service
- Mainland China: Manufacturing and sales of noodles, frozen foods and other products in Mainland China and provision of publicity service

No operating segments have been aggregated in arriving at the reportable segments of the Group.

## Segment revenue and results

For the six months ended 30 June 2024 (unaudited):

	Hong Kong and other Asia HK\$'000	Mainland China HK\$'000	Reportable segment total HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Revenue</b>					
Segment revenue from external customers	705,856	1,116,643	1,822,449	–	1,822,449
Inter-segment revenue ( <i>Note</i> )	84,612	99,778	184,390	(184,390)	–
Segment revenue	<u>790,468</u>	<u>1,216,421</u>	<u>2,006,889</u>	<u>(184,390)</u>	<u>1,822,449</u>
<b>Result</b>					
Segment results	<u>36,942</u>	<u>173,460</u>	<u>210,402</u>	<u>–</u>	<u>210,402</u>
Unallocated income					6,060
Unallocated other losses					(5,519)
Interest income					14,688
Fair value changes in financial assets at fair value through profit or loss					1,244
Loss on disposal of property, plant and equipment					(3,147)
Finance Cost					(223)
Consolidated profit before taxation					<u>223,505</u>

For the six months ended 30 June 2023 (unaudited):

	Hong Kong and other Asia HK\$'000	Mainland China HK\$'000	Reportable segment total HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Revenue</b>					
Segment revenue from external customers	751,536	1,177,809	1,929,345	–	1,929,345
Inter-segment revenue ( <i>Note</i> )	103,995	110,498	214,493	(214,493)	–
Segment revenue	<u>855,531</u>	<u>1,288,307</u>	<u>2,143,838</u>	<u>(214,493)</u>	<u>1,929,345</u>
<b>Result</b>					
Segment results	<u>55,961</u>	<u>160,585</u>	<u>216,546</u>	<u>–</u>	<u>216,546</u>
Unallocated income					10,969
Unallocated other losses					(12,722)
Interest income					12,182
Fair value changes in financial assets at fair value through profit or loss					2,685
Gain on disposal of property, plant and equipment					366
Finance Cost					(134)
Consolidated profit before taxation					<u>229,892</u>

*Note:* Inter-segment revenue is charged at prevailing market rates.



## 6. OTHER INCOME

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Interest income from bank deposits	8,750	7,005
Interest income from financial assets at fair value through profit or loss	5,938	5,177
	<u>14,688</u>	<u>12,182</u>
Miscellaneous income	6,060	12,517
	<u>20,748</u>	<u>24,699</u>

## 7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Exchange losses, net	(5,519)	(12,722)
Fair value changes in financial assets at fair value through profit or loss	1,244	2,685
(Loss) gain on disposal of property, plant and equipment	(3,147)	366
	<u>(7,422)</u>	<u>(9,671)</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Current tax:		
Hong Kong Profits Tax	7,480	9,329
Mainland China Enterprise Income Tax	40,247	40,131
Mainland China Withholding tax	18,366	1,072
	<u>66,093</u>	<u>50,532</u>
Deferred taxation	(14,428)	6,712
	<u>51,665</u>	<u>57,244</u>

*Note:* The Group is operating in certain jurisdictions where the Pillar Two Rules is effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15 per cent, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

## 9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets	2,388	2,500
Cost of inventories recognised as expense	1,185,046	1,271,027
Depreciation of property, plant and equipment	74,211	73,660
Less: Amount capitalised in inventories and included in cost of sales upon sales	<u>(63,927)</u>	<u>(58,789)</u>
	<u>10,284</u>	<u>14,871</u>
Depreciation of right-of-use assets	4,354	4,842
Research and development expenditure	17,839	17,806
Staff costs ( <i>Note</i> )		
Directors' emoluments:		
– fees	500	500
– other emoluments	<u>11,628</u>	<u>10,020</u>
	<u>12,128</u>	<u>10,520</u>
Other staff costs excluding directors' emoluments	<u>352,519</u>	<u>360,405</u>
Total staff costs	364,647	370,925
Less: Amount capitalised in inventories and included in cost of sales upon sales	(163,184)	(161,825)
Less: Amount included as research and development expenditure as shown in above	<u>(10,778)</u>	<u>(10,478)</u>
	<u><u>190,685</u></u>	<u><u>198,622</u></u>

*Note:* Contributions to retirement benefit scheme included in other staff costs for the six months ended 30 June 2024 amounted to HK\$38,398,000 (unaudited) (for the six months ended 30 June 2023 (unaudited): HK\$37,151,000).

## 10. DIVIDEND

During the current interim period, a final dividend of 15.82 HK cents per ordinary share in respect of the year ended 31 December 2023 (during the six months ended 30 June 2023: a final dividend of 15.16 HK cents per ordinary share in respect of the year ended 31 December 2022) were declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$165,112,000 (unaudited) (for the six months ended 30 June 2023: HK\$158,224,000 (unaudited)).

## 11. 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:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
<u>Earnings</u>		
Profit for the period attributable to the owners of the Company for the purpose of basic and diluted earnings per share ( <i>HK\$'000</i> )	<u>169,489</u>	<u>171,687</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,043,558,280	1,043,670,279
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<u>133,200</u>	<u>21,201</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,043,691,480</u>	<u>1,043,691,480</u>

## 12. TRADE RECEIVABLES

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition dates at the end of the reporting period.

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Trade receivables – sales of goods	384,370	378,228
Less: allowance for credit losses	<u>(5,336)</u>	<u>(5,374)</u>
	<u>379,034</u>	<u>372,854</u>
0 to 30 days	219,366	268,154
31 to 90 days	133,785	92,198
91 to 180 days	19,435	12,502
over 180 days	<u>6,448</u>	<u>–</u>
	<u>379,034</u>	<u>372,854</u>

The Group allows an average credit period of 90 days to its trade customers for both periods.

### 13. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date at the end of the reporting period.

	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
0 to 30 days	111,299	110,643
31 to 90 days	28,612	38,534
91 to 180 days	969	922
Over 180 days	258	221
	<u>141,138</u>	<u>150,320</u>

The average credit period on purchases of goods is 60 days.

### 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Ordinary shares, issued and fully paid: At 1 January 2023, 30 June 2023 (unaudited), 31 December 2023 and 30 June 2024 (unaudited)	<u>1,043,691,480</u>	<u>2,941,441</u>
	<u>1,043,691,480</u>	<u>2,941,441</u>

Details of the shares held under the share award scheme are set out below:

	<b>Average purchase price HK\$</b>	<b>Number of shares held</b>	<b>Value of shares HK\$'000</b>
At 1 January 2023	6.0	15,520	93
Shares purchased from secondary market under share award scheme	6.2	287,000	1,793
Shares vested under share award scheme	6.3	(266,420)	(1,684)
At 31 December 2023	<u>5.6</u>	<u>36,100</u>	<u>202</u>
Share purchased from secondary market under share award scheme	5.0	380,000	1,883
Shares vested under share award scheme	5.1	(391,700)	(1,993)
At 30 June 2024 (unaudited)	<u>3.8</u>	<u>24,400</u>	<u>92</u>

During the current interim period, the trustee of the share award scheme purchased the Company's ordinary shares from secondary market for the share award scheme of the Company, and no share was bought back for cancellation.

## 15. SHARE-BASED PAYMENT TRANSACTIONS

On 7 March 2016, the share award scheme was adopted by the Company. The share award scheme is valid and effective for a period of 10 years commencing from 7 March 2016. Pursuant to the rules of the share award scheme, the Group has set up a trust for the purpose of administering the share award scheme and holding the awarded shares before they are vested.

On 6 April 2023 and 29 December 2023, a total of 266,420 award shares (the “2023 Awarded Shares”) of the Company have been awarded and vested to certain selected employees (including but no limited to directors, executives, officers and other employees, whether full-time or part-time, of any members of the Group) at no consideration.

On 14 May 2024 and 11 June 2024, a total of 391,700 award shares (the “2024 Awarded Shares”) of the Company have been awarded and vested to certain selected employees (including but no limited to directors, executives, officers and other employees, whether full-time or part-time, of any members of the Group) at no consideration.

The estimated fair values of the awarded shares are HK\$5.1 (unaudited) (2023: HK\$6.8 (unaudited)) per share based on the market trading price of the share at the grant date. The total fair value of the 2024 Awarded Shares are HK\$1,993,000 (unaudited) (2023: Awarded Shares: HK\$684,000 (unaudited)).

The Group recognised the total expense of HK\$1,993,000 (unaudited) for the six months ended 30 June 2024 (30 June 2023: HK\$684,000 (unaudited)) in relation to share award granted by the Company. At 30 June 2024 and 2023, there was no outstanding award share.

## 16. COMMITMENTS

	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of:		
Property, plant and equipment	23,157	49,983
Subsidiary	<u>189,840</u>	<u>–</u>
	<u><b>212,997</b></u>	<u>49,983</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of Nissin Foods Company Limited (“Nissin Foods” or the “Company”) is pleased to announce the interim results for the six months ended 30 June 2024.

### Embracing Change for Timeless Great Taste

In the first half of 2024, the global economic landscape improved, but persistent challenges such as high interest rates, debt difficulties and escalating geopolitical risks remained. These challenges reshaped global supply chains and consumer consumption patterns in the regions that we were operating. In addition to staying agile under this rapidly changing business environment, we strived to enhance and refine our product quality, food safety and innovation capabilities for delivering greater taste experiences to consumers.

In Mainland China, economic growth picked up as exports of high-tech manufacturing products, including electric vehicles and drones, increased significantly from the beginning of 2024, offsetting the weak foreign investment and consumer consumption. Consumer spending was subdued amid weak business confidence and consumer sentiment.

The Hong Kong economy continued to record moderate growth during the reporting period. The retail leakage of local residents continued to weigh on certain local businesses, including those in the retail and food and beverage industries.

The Group has remained committed to continuous product upgrades and cost optimisation against this backdrop. The timeless great taste and unparalleled quality of our products have provided vital support to our premiumisation and differentiation strategies. Riding on our solid foundation and footholds in Hong Kong and Mainland China, as well as the rich and diversified product portfolio we have developed over the years, we are able to navigate good times and bad.

As a responsible corporate citizen, we are committed to protecting consumers’ well-being by providing a stable food supply. We also attach tremendous importance to food safety by conducting regular product testing and pursuing relevant research and development. Moreover, the Company implements a wide range of measures and policies to reduce its environmental impact in this new era of global boiling, such as the installation of solar panels in various production plants.

## FINANCIALS

For the period under review, the Group’s overall business was dampened relatively because of the weakened consumption sentiment. Revenue decreased by 5.5% to HK\$1,822.5 million (2023: HK\$1,929.3 million), primarily attributable to the decrease in consumption and the negative effects of foreign currency translation for Hong Kong Dollars against Renminbi. Gross profit declined by 3.2% to HK\$637.5 million (2023: HK\$658.3 million). Gross profit margin rose 0.9 percentage points to 35.0% in 2024 from 34.1% in 2023, mainly attributable to the easing of the key raw material costs.

Profit attributable to owners of the Company slightly decreased by 1.3% to HK\$169.5 million (2023: HK\$171.7 million), representing the net profit margin of 9.3% for the period (2023: 8.9%). The Group’s basic earnings per share slightly decreased to 16.24 HK cents for the period (2023: 16.45 HK cents).

At the Adjusted EBITDA level <sup>(Note)</sup>, the Group increased by 1.5% to HK\$300.3 million (2023: HK\$295.9 million), representing the Adjusted EBITDA margin of 16.5% for the period (2023: 15.3%).

*Note:* Adjusted EBITDA is a non-HKFRS measurement used by the management to assess the performance of operating segments, allocate resources and make strategic decisions. The measurement basis of Adjusted EBITDA is defined as net profit before net interest expenses, tax, depreciation of property, plant and equipment, depreciation of the right-of-use asset and amortisation of intangible asset. This also excludes share of material gains or losses which are of capital nature or non-operational related and fair value changes on financial assets at fair value through profit or loss.

## BUSINESS REVIEW

### Hong Kong and Other Asia Operations

The Hong Kong economy recorded a moderate growth in the first half of 2024, as real gross domestic products (“GDP”) grew by 2.8% and 3.3% year-on-year in the first and second quarters, respectively, led by sustained external demand for goods and the expansion of investment expenditure. According to the Hong Kong Tourism Board and Census and Statistics Department, the number of visitor arrivals reached 21.1 million in the first half of 2024, representing a year-on-year growth of 64.2%.

However, both total retail sales value and retail sales value of supermarkets and supermarket sections of department stores presented an opposite landscape and recorded year-on-year declines of 6.6% and 4.4%, respectively, mainly attributable to the leakage of local consumers’ spending, changes in consumption patterns of both local consumers and visitors and the strength of the Hong Kong dollar. The average monthly outbound cross-border passenger traffic of Hong Kong residents to Shenzhen was approximately 5.9 million for the reporting period, accelerated from approximately 3.1 million in the same period last year. As a market leader in instant noodles and frozen foods in Hong Kong, the Company suffered from the disappointing consumption sentiment on daily necessities.

Revenue from Hong Kong and other Asia operations decreased by 6.1% to HK\$705.9 million (2023: HK\$751.5 million), mainly attributable to the leakage of Hong Kong consumers’ spending on daily necessities to Shenzhen, offsetting the growth in other Asia regions. Currently, revenue from Hong Kong and other Asia operations accounted for 38.7% (2023: 39.0%) of the Group’s total revenue.

In terms of segment results, the Hong Kong and other Asia operations dropped by 34.0% to HK\$36.9 million (2023: HK\$56.0 million) due to an increase in depreciation expenses for the new automated and labour-saving smart production lines and a decrease in product sales of the non-noodle business.

### Instant Noodle Business in Hong Kong

For the period under review, the instant noodle business in Hong Kong achieved a slight increase in revenue as the sales volume of bag-type instant noodles recovered as a result of our collective efforts in expanding the high-priced premium bag-type instant noodles, including *Hokkaido Demae Iccho* series, *Nissin Chicken Ramen Instant Noodles* and the *Nissin Viet Signature Series*. We further strengthened the export sales to North America, the United Kingdom, the European Union, Australia and New Zealand, which resulted in increased sales in Hong Kong. The Company also continued to promote its signature brands **Cup Noodles** and **Demae Iccho** to encourage additional consumption by consumers. This included the provision of exclusive products to certain key accounts, the supply of **Cup Noodles** and **Demae Iccho** to gaming arcades as prizes for claw machines and collaboration with Japanese anime such as “BLUE LOCK” (藍色監獄). To further enrich our instant noodle portfolio, the Company launched various new flavours under the **Nissin Raoh**, **Nissin U.F.O**, **Fuku** and **Doll** brands such as *Doll Fried Noodle Seafood Oyster Sauce Flavour*.

## Non-Noodle Business in Hong Kong

The diversification of our product portfolio into non-noodle business has been underway and has provided us with a solid foundation for developing the mainstay of our business and overcoming adversity. It enables our non-noodle business to capitalise on the management expertise and distribution network of the instant noodle segment to create synergies, and enhance the Company's overall competitiveness.

### *Frozen food products*

During the reporting period, the performance of frozen food products was weak as consumers favoured eating out and outbound travelling, especially weekend trips to Shenzhen. As the competitive landscape of the industry has further intensified, the Company extended its focus on premium frozen food products. While offering a wider product range of premium products under the **NISSIN** brand, the Company increased its exposure via various sales channels, including catering industry and overseas exports, to drive its sales volume. The Company also rolled out new products including *Ho e Sik Stir Noodle with Chicken in Laksa Sauce* and *Ho e Sik Stir Noodle in Sesame & Peanut Sauce*.

### *Distribution business*

MC Marketing & Sales (Hong Kong) Limited ("MCMS") is engaged in the distribution of beverages, confectionery, snacks, Japanese brand seasoning sauce and chilled products in Hong Kong. In order to increase the market penetration of our key products, staff sales, KOL promotion, tasting activities and chef demonstration events were organised. During the first half of 2024, its business continued to record growth as a result of the revival of inbound tourism.

### *KAGOME, Nissin Granola, Fresh-cut vegetable and Nissin Yogurt*

The Company continued to expand the sales channels of the **KAGOME** business in different regions, including convenience stores, business offices, fine dining restaurants and airline lounge. Various promotional activities, such as joint promotions with **NISSIN** products and tasting activities, were launched to increase product awareness. During the reporting period, seasonal products such as *Setouchi Mandarin Mixed Juice* and *Ehime Setoka & Iyokan Mixed Juice* were available for sale in selected convenience stores and supermarkets.

Our **Nissin Granola** continued to gain traction with customer's support due to their advocacy of health and wellness. *Nissin Granola Oats Fruits*, *Nissin Granola Oats Matcha* and *Nissin Granola Oats Maple Syrup Flavour* were added during the period to further enrich the product collection.

The distribution channels of our **fresh-cut vegetable** include supermarkets, cafeterias and coffee shops. Further efforts were made to expand the sales channels during the reporting period.

The Company continued to broaden its non-noodle portfolio with the launch of new flavours in the low-fat **Nissin Yogurt** series. New flavours such as tropical fruit, nata de coco, blueberry and orange were added to the existing plain and strawberry flavours, further enriching the product range.



## **Nissin Vietnam**

The Vietnam's economy recorded a year-on-year growth of 6.42% in the first half of 2024, as reported by the General Statistics Office of Vietnam. The GDP growth rate increased to 6.93% in the second quarter from the previous year, surpassing 5.66% in the first quarter. In addition, the total retail sales of consumer goods and services grew by 8.6% over the previous year. The overall socio-economic situation in Vietnam was positive.

Nissin Vietnam primarily engages in the production and sale of bag-type instant noodles, under brands such as *Nissin Raoh* and *Mi Cay Nissin*. During the period under review, the Company proactively explored and expanded different sales channels in the domestic market with a focus on the youth segment. A good performance was achieved, and the overall business outlook was encouraging.

## **Taiwan Office**

The Company established a wholly-owned subsidiary in Taiwan engaging in trading activities in late 2023, as a growing interest in *NISSIN* products was observed among local consumers. By establishing a subsidiary in the area, clearer sales direction and more sales and promotional support were provided to our distributors and wholesalers in Taiwan, which is expected to achieve sales growth subsequently.

## **Mainland China Operations**

The Mainland China's economy grew at 5.0% year-on-year in the first half of 2024, driven by a stronger recovery in exports, as reported by the National Bureau of Statistics of China. The Chinese economy has been supported by the rise of new industries and new growth drivers, demonstrating a recovery momentum since the start of the year. The International Monetary Fund (IMF) revised China's economic growth rate to 5.0%, 0.4 percentage points higher than the previous forecast.

However, consumer confidence remained weak amid protracted property issues and complicated employment prospects. Despite a moderate year-on-year growth of 3.7% and 2.2% for total retail sales of consumer goods and supermarket retail sales respectively, the consumer price index only rose slightly by 0.1% year-on-year in the first half of 2024, indicating an insufficient effective domestic demand.

For the period under review, revenue declined by 5.2% (in local currency: -3.0%) to HK\$1,116.6 million (2023: HK\$1,177.8 million), owing to the weaker consumer confidence, slower consumption growth momentum in Mainland China and the negative effects of foreign currency translation. Currently, revenue from the Mainland China operations accounted for 61.3% (2023: 61.0%) of the Group's total revenue.

In terms of segment results, the Mainland China operations increased by 8.0% (in local currency: +10.5%) to HK\$173.5 million (2023: HK\$160.6 million), mainly attributable to the easing of raw material costs and the implementation of cost-efficient marketing activities.

## **Instant Noodle Business in Mainland China**

During the reporting period, the Company adhered to its premiumisation strategy and continued the geographical expansion of its business in Mainland China. Consequently, the overall performance of the instant noodle business remained stable with a slight improvement in the sales of cup-type instant noodles, particularly *CUP NOODLES BIG* and certain premium bag-type instant noodles, despite a declining consumption sentiment and a rising tendency to save. It rolled out new flavours such as the no-cook cup-type pasta *Nissin Pasta Avocado Basil Flavour* and *Nissin Pasta Spicy Tomato and Seafood Flavour*. The Company also expanded into new cities and added new sales points in the western and northern regions of China. In addition, the Company collaborated with a Japanese anime named "Cyberpunk" (賽博朋克) for a crossover involving *Cup Noodles* and *Nissin U.F.O.*

## **Non-Noodle Business in Mainland China**

Leveraging our presence as a premium instant noodle manufacturer, the Company moves forward to the non-noodle business to pursue product diversification and profit opportunities in the region.

### *Distribution Business*

The Company's distribution business is conducted through Shanghai Eastpeak Trading Co., Ltd. ("Shanghai Eastpeak"). Shanghai Eastpeak is engaged in the distribution of confectionery and beverages of the Company's own brands as well as numerous well-known third-party Japanese brands. Its sales network comprises large domestic chain stores, high-end supermarkets, convenience stores and major online platforms in Mainland China. During the reporting period, its performance was affected by reduced consumer spending on gifts due to changes in consumption patterns. Nevertheless, Shanghai Eastpeak further strengthened its consolidation and developed synergies with MCMS, our distribution arm in Hong Kong, which helped to enhance the overall competitiveness of the Company's distribution business.

### *Other Products*

*Nissin Koikeya Potato Chips* achieved an outstanding performance during the reporting period as the distribution channels continued to expand. *Crisp Choco*, our baked corn flakes chocolate snack, continued to receive a positive response from the market. Our green juices series successfully attracted the attention of health-conscious customers with vending machines availability further increasing product exposure. The easy-to-cook microwavable frozen food products met the needs of city dwellers looking for convenient and time-saving products. During the period, *Nissin Pasta Korean Spicy Flavor* and *Nissin Pasta Korean Spicy Cheese Flavor* were launched.

## **FINANCIAL REVIEW**

### **Liquidity, Financial Resources and Gearing Ratio**

As at 30 June 2024, the total assets of the Group amounted to HK\$4,569.3 million (31 December 2023: HK\$4,683.7 million), and the total equity was HK\$3,666.1 million (31 December 2023: HK\$3,674.7 million). The Group's working capital was HK\$1,619.5 million (31 December 2023: HK\$1,608.0 million), represented by the difference between the total current assets of HK\$2,422.5 million (31 December 2023: HK\$2,504.2 million) and the total current liabilities of HK\$803.0 million (31 December 2023: HK\$896.2 million). The current ratio was 3.0 as at 30 June 2024 (31 December 2023: 2.8).

The financial position of the Group remained healthy, with net cash of approximately HK\$1,322.1 million (31 December 2023: HK\$1,365.6 million) and HK\$820.0 million (31 December 2023: HK\$820.0 million) in available banking facilities as at 30 June 2024. The Group had no external borrowing, and the gearing ratio was nil as at 30 June 2024 (31 December 2023: Nil).

### **Capital Expenditure**

The Group's capital expenditure was approximately HK\$53.7 million during the period under review (2023: HK\$230.0 million), mainly due to the capital investments in the production plans in Hong Kong and Mainland China.

### **Capital Commitments**

The Group had a capital commitment for the acquisition of property, plant and equipment contracted for but not provided HK\$213.0 million as at 30 June 2024 (31 December 2023: HK\$50.0 million).

## **Financial Risk Management**

The Group had not entered into nor traded derivative financial instruments for hedging or speculative purposes. The Company and several subsidiaries have foreign currency sales and purchases, which expose the Group to foreign currency risk. As HK Dollar is currently pegged to US Dollar, the Company considered that the Group's exposure to fluctuation in HK Dollar against US Dollar is limited. The currencies giving rise to this risk are primarily the Japanese Yen and Renminbi against HK Dollar. The Company continues to manage and monitor these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

## **Contingent Liability**

As at 30 June 2024, the Group had no material contingent liability (31 December 2023: Nil).

## **Pledge of Assets**

The Group did not have pledged assets as at 30 June 2024 (2023: Nil).

## **FUTURE PROSPECTS**

The Company is cautiously optimistic about the long-term business development in various regions and continues to control costs and improve operational efficiency. Premiumisation and diversification strategies are the keys to achieving growth amid a turbulent and volatile market.

The Hong Kong economy is expected to continue to grow for the remaining year. The Hong Kong Government has made good progress in actively attracting enterprises, capital and talent around the world to Hong Kong and promoting mega-event economy. Various positive measures have been taken by the Central Government, such as the increase in the duty-free allowance for luggage articles brought into the Mainland by Mainland visitors travelling from Hong Kong and Hainan's 144-hour visa-free stay policy for foreign tour groups from Hong Kong and Macao. While the cross-border trips to Shenzhen by Hong Kong residents continue to weigh on local food and beverage industry, the Company continues to roll out more premium products to delight consumers, offering them great taste and superior ingredients. As a result, the Company is looking for further revenue growth of instant noodles in Hong Kong. Moreover, in view of rising health awareness among consumers, the Company will pursue further diversification of its business portfolio into non-noodles business, enriching its product lines to broaden the income base.

In Mainland China, despite a weakened consumer sentiment, overall consumer consumption continues to grow gradually. The per capita spending continues to rise and the per capita income gap between urban and rural residents is narrowing. The Chinese economy is supported by the continuous efforts of the authorities to promote high-quality economic development, accelerate the cultivation of new quality productive forces, and foster new drivers of growth. Thus, the growing middle-income group plays an essential role in driving consumption. Furthermore, the Company continues to expand its business territory and penetrate into other areas alongside the development of additional sales channels.

Vietnamese per capita annual expenditure on food and beverages continues to grow every year. The pandemic has significantly increased consumers' awareness of health and wellness. As a result, consumers tend to opt for quality instant noodle products. The Company believes that this trend will continue and there will be ample opportunities for expansion of the premium instant noodle products market in Vietnam.

The Company also continues to expand into new markets such as Taiwan and Korea. Riding on our solid foundation and strong footholds in Hong Kong and Mainland China, the geographical expansion will broaden the income base and generate additional sales.

Building on its solid foundation and pursuing a well-diversified product portfolio and the premiumisation strategy, the Company is well-positioned to deliver continuous revenue and earnings growth, as well as to expand its business territories with increasing brand recognition in Hong Kong, Mainland China and other Asia regions in the years ahead.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

On 3 June 2024, the Company and Sung Gyung Food Co., Ltd. entered into a share purchase agreement (the “Share Purchase Agreement”) in relation to the acquisition of 100% equity interest in Gaemi Food Co. Ltd (“Gaemi Food”) at a total consideration of KRW48,000 million (equivalent to approximately HK\$271.7 million). Upon the completion of the acquisition which is expected to take place in or around September 2024, Gaemi Food will become a wholly-owned subsidiary of the Company. Please refer to the announcements of the Company dated 3 June 2024 and 19 June 2024 for details.

During the period under review, except for the aforesaid acquisition, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group and the Group did not hold any significant investments.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2024, the total number of staff of the Group was 3,416 (31 December 2023: 3,409), with staff costs (excluding directors’ remuneration) amounting to approximately HK\$352.5 million for the period. The remuneration package is determined with reference to individual performance, qualification and experience of employees concerned and prevailing industry practices. The Group also provides medical benefits, internal and external training and discretionary bonuses based on individual performance. The share award scheme is in place to provide long-term incentives to the selected key staff of the Group.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (2023: Nil).

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with the Code Provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules for the six months ended 30 June 2024 except the following:

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Kiyotaka Ando is currently the Chairman of the Board and the Chief Executive Officer, responsible for strategic planning and managing of the Group’s overall business and operations. Mr. Ando has been responsible for overall management of the Group since 2009. The Board believes that the current structure enables the Company to make and implement business decision swiftly and effectively which promotes the Group’s development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired because of the diverse background and experience of the independent non-executive directors. Further, the Audit Committee, which consists exclusively of independent non-executive directors, has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 in conjunction with the Company's external auditor.

## **PURCHASE, SALE OR REDEMPTION LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

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

Hong Kong, 28 August 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.*