



日清食品有限公司

NISSIN FOODS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 01475



GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator

NOMURA

Joint Bookrunners and Joint Lead Managers

NOMURA

MIZUHO

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Nissin Foods Company Limited 日清食品有限公司

(Incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 268,580,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 26,858,000 Shares (subject to adjustment)
Number of International Offer Shares	: 241,722,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$4.21 per Offer Share, plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Stock code	: 1475

Sole Sponsor and Sole Global Coordinator

NOMURA

Joint Bookrunners and Joint Lead Managers

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MIZUHO

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "i. Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, 4 December 2017 and, in any event, not later than Friday, 8 December 2017. The Offer Price will not be more than HK\$4.21 and is currently expected to be not less than HK\$3.45. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$4.21 for each Offer Share together with a brokerage of 1.0%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%.

The Sole Global Coordinator, on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus (which is HK\$3.45 to HK\$4.21 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.nissingroup.com.hk. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Sole Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price by Friday, 8 December 2017, the Global Offering will not become unconditional and will lapse immediately.

Prospective investors should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the day on which trading in our Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act.

29 November 2017

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete electronic applications under the
White Form eIPO service through the designated website
at www.eipo.com.hk⁽²⁾ 11:30 a.m. on Monday,
4 December 2017

Application lists of the Hong Kong Public Offering open⁽³⁾ 11:45 a.m. on Monday,
4 December 2017

Latest time to complete payment of **White Form eIPO**
applications by effecting internet banking transfer(s)
or PPS payment transfer(s) 12:00 noon on Monday,
4 December 2017

Latest time to lodge **WHITE** and **YELLOW** Application Forms 12:00 noon on Monday,
4 December 2017

Latest time to give **electronic application instructions** to
HKSCC⁽⁴⁾ 12:00 noon on Monday,
4 December 2017

Application lists of the Hong Kong Public Offering close 12:00 noon on Monday,
4 December 2017

Expected Price Determination Date⁽⁵⁾ Monday,
4 December 2017

Announcement of:

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications under the Hong Kong Public Offering; and
- the basis of allotment of the Hong Kong Offer Shares

to be published in the South China Morning Post (in English)
and the Hong Kong Economic Times (in Chinese),
on the website of the Stock Exchange at www.hkexnews.hk
and on the website of our Company at www.nissingroup.com.hk
on or before Friday,
8 December 2017

Announcement of results of allotment in the Hong Kong
Public Offering (with successful applicants' identification
document numbers where applicable) available through a
variety of channels as described in the section headed
"How to Apply for Hong Kong Offer Shares" in this prospectus from Friday,
8 December 2017

EXPECTED TIMETABLE⁽¹⁾

- Results of allocations in the Hong Kong Public Offering
will be available at www.iporeresults.com.hk with
a “search by ID” function from Friday,
8 December 2017
- Despatch of Share certificates in respect of
wholly or partially successful applications on or before Friday,
8 December 2017
- Despatch of refund cheques (if applicable) in respect of
wholly and partially successful applications (if applicable)
or wholly or partially unsuccessful applications on
or before Friday,
8 December 2017
- Despatch of White Form e-Refund payment instructions (if applicable)
in respect of wholly and partially successful
applications (if applicable) or wholly or partially
unsuccessful applications on Friday,
8 December 2017
- Dealings in our Shares on the Stock Exchange expected to
commence on 9:00 a.m. on Monday,
11 December 2017

Notes:

- (1) All dates and times refer to Hong Kong dates and time, except otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus. If there is any change in the above expected timetable, we will issue a separate announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 4 December 2017, the application lists will not open and close on that day. Please refer to the section headed “How to Apply for Hong Kong Offer Shares – Effect of bad weather conditions on the opening of the application lists” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares – Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or about Monday, 4 December 2017, and in any event will not be later than Friday, 8 December 2017. If, for any reason, the Offer Price is not agreed on or before Friday, 8 December 2017, the Global Offering will not proceed and will lapse.

Share certificates will only become valid certificates of title if the Global Offering has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with its terms, which is expected to be at or around 8:00 a.m., on Monday, 11 December 2017. Investors who trade in our Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

EXPECTED TIMETABLE⁽¹⁾

If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

You should read carefully the sections headed “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus for details relating to the structure and conditions of the Global Offering, how to apply for Hong Kong Offer Shares and the expected timetable including, inter alia, applicable conditions, the effect of bad weather, and the despatch of refund cheques and Share certificates.

We will publish an announcement in case there is any change in the expected timetable of the Hong Kong Public Offering as described above.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with different information. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with an investment in the Offer Shares. Some of the particular risks associated with an investment in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are 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. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. In the PRC, while we were the fifth and sixth largest instant noodle company in the PRC in terms of retail sales value and retail sales volume in 2016, respectively, we ranked second in the PRC premium instant noodle market in terms of retail sales value in 2016, accounted for approximately 19.8% of the total PRC premium instant noodle market, according to Frost & Sullivan. In addition, we also manufacture and/or sell high quality frozen food products, including frozen dim sums and frozen noodles, and other food and beverage products, including retort pouch, snack food products, mineral water and sauce products. According to Frost & Sullivan, we were the second largest frozen dim sum company in Hong Kong both in terms of retail sales value and retail sales volume in 2016.

Our origin can be traced back to 1948 when Mr. Momofuku Ando (安藤百福) founded the Nissin Japan Group. In 1958, Mr. Momofuku Ando (安藤百福) established our core corporate brand, “NISSIN (日清)” () and invented the world’s first instant noodle, “Chicken Ramen (雞湯拉麵)”. Inspired by the four tenets of Mr. Momofuku Ando (安藤百福), which are (i) “Peace will come to the world when there is enough food (食足世平)”; (ii) “Create foods to serve society (食創為世)”; (iii) “Eat wisely for beauty and health (美健賢食)”; and (iv) “Food related jobs are sacred profession (食為聖職)”, and sharing the same essence of the business philosophy of Nissin Japan, we officially established our presence in Hong Kong in 1984 and gradually expanded our business into the PRC market. Our Listing involves a spin-off from Nissin Japan and a separate listing of our Group’s business on the Main Board of the Stock Exchange.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have allowed us to achieve sustainable growth and profitability and maintain our market positions in the instant noodle industries in Hong Kong and the PRC:

- A diversified portfolio of iconic household premium food brands with a strong multi-national brand and cultural heritage;
- Leading position in the Hong Kong instant noodle market with the ability to effectively replicate success into the PRC instant noodle market and other food markets;
- Wide range of premium and high quality products with strong research and development capabilities;
- Established sales and distribution network in Hong Kong and the PRC;
- Deep industry know-how with strategically located and advanced production plants and pursuit of excellence in product quality and safety; and
- Experienced and high calibre management team with a proven track record.

FUTURE STRATEGIES

We will continue to strengthen our leading positions in the Hong Kong and PRC premium instant noodle markets, and further expand our business in the PRC. We intend to accomplish our unique and visionary “3DNV” strategic ethos to discover, distinguish and distribute new values. We aim to:

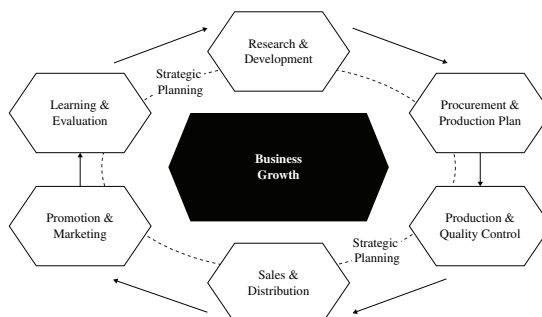
- Further strengthen our market positions in the instant noodle industries in Hong Kong and the PRC with a focus on the premium instant noodle segment, further expand our shares in the frozen food and other food product markets in Hong Kong and the PRC, and further enhance our brand recognition and awareness;
- Continue to discover new values by product innovation, and further enhance our research and development capabilities and expand our product offerings;
- Further extend the breadth and depth of our sales and distribution network in the PRC;

SUMMARY

- Further enhance our production capacities and continue to prioritise on food quality and safety; and
- Pursue appropriate strategic partnership or acquisition to achieve both horizontal and vertical business integrations.

OUR BUSINESS MODEL

The following diagram illustrates our business model:



OUR BRANDS AND PRODUCTS

We primarily manufacture and sell our instant noodle, frozen food and other food products under a diversified portfolio of well-known and highly popular product brands, which are broadly grouped under our two core corporate brands, namely, “NISSIN (日清)” (日清) and “DOLL (公仔)” (公仔). According to Frost & Sullivan, products offered under our five flagship product brands, namely, “Cup Noodles (合味道)” (合味道), “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (公仔點心) and “Fuku (福)” (福) are also among the most popular choices in their respective food product categories in Hong Kong. In order to further expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS. As at 30 June 2017, we were able to offer over 540 SKUs of food products and over 230 different flavours of instant noodles in Hong Kong, the PRC and overseas under our various product brands. Please refer to the section headed “Business – Our brands” on pages 151 to 152 and “Business – Our products” on pages 152 to 162 of this prospectus for more details of our brands and products. The table below sets out our revenue by product category for the periods indicated:

Our main products	Year ended 31 December						Six months ended 30 June								
	2014		2015		2016		2016			2017					
	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue			
	(Unaudited)														
Hong Kong and overseas															
Instant noodles															
Cup and bowl-type	352,339	-	13.9	365,153	-	13.9	386,222	-	14.7	195,108	-	14.7	177,061	-	13.2
Bag-type	588,975	-	23.2	565,692	-	21.5	531,825	-	20.2	267,427	-	20.3	244,436	-	18.2
Subtotal:	941,314	-	37.1	930,845	-	35.4	918,047	-	34.9	462,535	-	35.0	421,497	-	31.4
Frozen food and other products	223,671	-	8.8	238,948	-	9.1	247,765	-	9.4	122,310	-	9.2	210,858	-	15.7
Subtotal:	1,164,985	-	45.9	1,169,793	-	44.5	1,165,812	-	44.3	584,845	-	44.2	632,355	-	47.1
PRC															
Instant noodles															
Cup and bowl-type	1,225,713	971,194	48.3	1,273,218	1,024,915	48.4	1,260,568	1,080,496	48.0	633,127	532,897	47.9	608,491	536,714	45.3
Bag-type	108,432	85,916	4.3	138,165	111,220	5.3	166,032	142,314	6.3	84,048	70,742	6.3	89,310	78,774	6.6
Subtotal:	1,334,145	1,057,110	52.6	1,411,383	1,136,135	53.7	1,426,600	1,222,810	54.3	717,175	603,639	54.2	697,801	615,488	51.9
Frozen food and other products	36,854	29,201	1.5	47,487	38,226	1.8	37,493	32,137	1.4	20,978	17,657	1.6	13,627	12,020	1.0
Subtotal:	1,370,999	1,086,311	54.1	1,458,870	1,174,361	55.5	1,464,093	1,254,947	55.7	738,153	621,296	55.8	711,428	627,508	52.9
Total:	2,535,984	-	100.0	2,628,663	-	100.0	2,629,905	-	100.0	1,322,998	-	100.0	1,343,783	-	100.0

Note:

- (1) At the average exchange rate of approximately HK\$1.00 to RMB0.79235 for the year ended 31 December 2014, approximately HK\$1.00 to RMB0.80498 for the year ended 31 December 2015 and approximately HK\$1.00 to RMB0.85715 for the year ended 31 December 2016 and approximately HK\$1.00 to RMB0.88204 for the six months ended 30 June 2017.

SUMMARY

The increase in our revenue during the Track Record Period was primarily due to the general increase in sales of our instant noodles, which contributed approximately 89.7%, 89.1%, 89.2% and 83.3% of our total revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Although sales of our instant noodles in the PRC was affected by the general decrease in demand for and sales of instant noodles in the PRC, primarily the result of the incidents relating to food safety in the PRC and the increasing competitiveness of the overall PRC instant noodle market, we were still able to achieve a stable business growth in the PRC as a result of our diversified brands, market reputation and stringent food quality control. Nevertheless, our increased sales of instant noodles in the PRC was partially offset by our decreased sales of such products in Hong Kong, which was primarily due to our general decreased sales of instant noodles to tourists from the PRC to Hong Kong during the Track Record Period, and also the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to MCMS in late 2016. Before the transition, we sold the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customers B for it to on-sell to a sub-distributor. As the performance of such sub-distributor was not up to our satisfaction and since we also intend to raise the company and product profile of MCMS so that we can attract more well-known brands in the future to further expand our product portfolio, we discussed with Customer B and switched the distribution channel of the majority of our “Demae Iccho (出前一丁)” (出前一丁) in Hong Kong from such sub-distributor under Customer B to MCMS for it to primarily sell to retailers. As part of the transition, we gradually ceased to sell our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customers B since late 2016 so that the terminated sub-distributor could finish up its old inventories. At the same time, we kept our newly produced “Demae Iccho (出前一丁)” (出前一丁) in our or external warehouses for future sales. As such, we experienced a decrease in sales and an increase in inventories of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from late 2016 to early 2017. Further, in preparation of such transition of the distribution channel, we also incurred various costs, such as promotional expenses and freight and storage costs. Upon completion of our acquisition of 51.0% equity interest of MCMS in March 2017, we have started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products primarily to retailers in Hong Kong through the distribution channel of MCMS. The aforesaid sub-distributor engaged by Customer B commenced a legal claim against us in relation to the alleged wrongful termination of its sub-distributorship prior to our acquisition of MCMS. For more details of the legal claim, please refer to the section headed “Business – Legal proceedings and regulatory compliance – Particulars of claims against our Company as at the Latest Practicable Date” of this prospectus. Save as disclosed above, there is no material change to the distribution of our other products, and we did not expect any material impact on our operational and financial performance going forward. Revenue from sales of our frozen food and other products generally increased during the Track Record Period. For more details of our revenue, please refer to the section headed “Financial Information – Principal income statement components – Revenue” on pages 295 to 298 and “Financial Information – Period to period comparison of results of operations” on pages 310 to 324 of this prospectus.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets out our gross profit and gross profit margin by product category for the periods indicated:

Our main products	Year ended 31 December									Six months ended 30 June					
	2014			2015			2016			2016			2017		
	Gross profit		Gross profit margin %	Gross profit		Gross profit margin %	Gross profit		Gross profit margin %	Gross profit		Gross profit margin %	Gross profit		Gross profit margin %
HK\$ ('000)	RMB ('000)	HK\$ ('000)		RMB ('000)	HK\$ ('000)		RMB ('000)	HK\$ ('000)		RMB ('000)	HK\$ ('000)		RMB ('000)		
	(Unaudited)														
Hong Kong and overseas															
Instant noodles	354,027	-	37.6	399,282	-	42.9	427,537	-	46.6	219,195	-	47.4	194,463	-	46.1
Frozen food and other products	72,275	-	32.3	85,142	-	35.6	89,191	-	36.0	47,165	-	38.6	57,657	-	27.3
Subtotal/Average:	426,302	-	36.6	484,424	-	41.4	516,728	-	44.3	266,360	-	45.5	252,120	-	39.9
PRC															
Instant noodles	425,178	336,890	31.9	487,009	392,033	34.5	501,264	429,658	35.1	242,544	204,147	33.8	222,303	196,080	31.9
Frozen food and other products	14,001	11,094	38.0	23,907	19,245	50.3	23,191	19,878	61.9	11,527	9,702	54.9	8,902	7,851	65.3
Subtotal/Average:	439,179	347,984	32.0	510,916	411,278	35.0	524,455	449,536	35.8	254,071	213,849	34.4	231,205	203,931	32.5
Total/Average:	865,481	-	34.1	995,340	-	37.9	1,041,183	-	39.6	520,431	-	39.3	483,325	-	36.0

Note:

- (1) At the average exchange rate of approximately HK\$1.00 to RMB0.79235 for the year ended 31 December 2014, approximately HK\$1.00 to RMB0.80498 for the year ended 31 December 2015, approximately HK\$1.00 to RMB0.85715 for the year ended 31 December 2016 and approximately HK\$1.00 to RMB0.88204 for the six months ended 30 June 2017.

SUMMARY

Our overall gross profit and gross profit margin increased by approximately 20.3% and 5.5%, respectively, from approximately HK\$865.5 million and 34.1% for the year ended 31 December 2014, respectively, to approximately HK\$1,041.2 million and 39.6% for the years ended 31 December 2016, respectively. The steady growth in our gross profit and gross profit margin for the year ended 31 December 2014 to the year ended 31 December 2016 was primarily the results of (i) the general decrease in the prices of certain of our key raw materials; (ii) our increased procurement from certain raw material suppliers at relatively competitive pricing; (iii) our decreased purchases of packaging materials as a result of us starting to self-produce the same at our Dongguan Production Plant since 2016; and (iv) our increased production automation and improved production efficiency following our investment in advanced production machinery and equipment. Our gross profit and gross profit margin both decreased for the six months ended 30 June 2017. Such decreases were primarily due to (i) our decreased sales of instant noodles in Hong Kong; and (ii) our increased procurement cost of other branded products in Hong Kong following our acquisition of 51.0% equity interest of MCMS. For details of our gross profit and gross profit margin, please refer to the section headed “Financial Information – Principal income statement components – Gross profit and gross profit margin” on pages 302 to 303 and “Financial Information – Period to period comparison of results of operations” on pages 310 to 324 of this prospectus.

OUR SALES AND MARKETING

With our established sales and distribution network spread over Hong Kong and the PRC, we primarily target consumers with high consumption power and strong desire for premium instant noodle and high quality frozen food and other products. As at the Latest Practicable Date, we had three sales offices in Hong Kong, two sales offices in Macau and 56 liaising points across the PRC to facilitate our sales in the PRC. In addition, we also sell a small portion of our products, mainly instant noodles, directly to Macau, Taiwan and certain overseas countries, targeting their Chinese communities. As at 30 June 2017, we had on average six years of business relationship with our top five customers. One of our top five customers was also one of our top five suppliers which supplied wheat flour and palm oil to us during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, sales to our top five customers accounted for approximately 65.9%, 65.5%, 63.7% and 58.8% of our total revenue, respectively, whereas sales to our largest customer accounted for approximately 23.4%, 26.6%, 29.5% and 27.7% of our total revenue for the same period, respectively.

The table below sets out the breakdown of our revenue by sales channel in different sales regions for the periods indicated:

Our customers	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue
	<i>(Unaudited)</i>									
Hong Kong and overseas										
Distributors	838,275	33.1	861,467	32.8	867,977	33.0	436,415	33.0	347,161	25.9
Retailers	232,886	9.2	228,190	8.7	227,479	8.6	113,532	8.6	196,727	14.6
Other direct customers	93,824	3.6	80,136	3.0	70,356	2.7	34,898	2.6	88,467	6.6
Sub-total:	1,164,985	45.9	1,169,793	44.5	1,165,812	44.3	584,845	44.2	632,355	47.1
PRC										
Distributors	1,289,448	50.8	1,395,697	53.1	1,436,714	54.6	721,747	54.5	698,165	52.0
Retailers	10,603	0.4	9,197	0.3	9,286	0.4	4,727	0.4	4,439	0.3
Other direct customers	70,948	2.9	53,976	2.1	18,093	0.7	11,679	0.9	8,824	0.6
Sub-total:	1,370,999	54.1	1,458,870	55.5	1,464,093	55.7	738,153	55.8	711,428	52.9
Total:	2,535,984	100.0	2,628,663	100.0	2,629,905	100.0	1,322,998	100.0	1,343,783	100.0

OUR RESEARCH AND DEVELOPMENT

As at 30 June 2017, we had 25 and 17 personnel in our dedicated research and development team in Hong Kong and the PRC, respectively, among which the key team members had on average more than five years of relevant work experience. As at the Latest Practicable Date, we had 15 and 18 material registered trademarks in Hong Kong and the PRC, respectively.

OUR PROCUREMENT AND OUTSOURCING

We procure a majority of our raw materials, including wheat flour, palm oil and various seasoning, from independent third-party domestic and overseas suppliers. We also enter into various outsourcing and/or procurement arrangements with third-party contract manufacturers and/or suppliers to manufacture and/or supply a portion of instant noodle, frozen food and other products under our and other brands. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, purchases from our top five suppliers accounted for approximately 19.7%, 25.2%, 26.4% and 37.8% of our total purchases, respectively, while purchases from our

SUMMARY

largest supplier accounted for approximately 4.4%, 7.4%, 7.9% and 13.1% of our total purchases for the same period, respectively. Further, we procure a portion of our raw materials, such as soup base and condiment, from and subcontract the manufacturing of certain instant noodle and other food products, such as non-fried noodles and confectionery products, to the Nissin Japan Group as we believe it has greater bargaining power for certain procurement and better quality control. For more details our procurement and outsourcing arrangements with the Nissin Japan Group, please refer to the sections headed “Connected Transactions” on pages 225 to 241 and “Relationship with Controlling Shareholder” on pages 253 to 271 of this prospectus.

OUR PRODUCTION

With Nissin Japan being the pioneer of the world’s instant noodle industry and on a mission to transform the food culture of people around the world, we have inherited a strong first-mover advantage of production know-how and techniques for our food products. We currently have nine production plants in strategic areas to manufacture the majority of our instant noodle and frozen food products and packaging materials. As some of our production plants are reaching their designed production capacities, we plan to further expand our production plants and facilities and enhance our production efficiency and capacities to meet the growing demand of our customers as we continued to expand our business. For further details of our production plants and future expansion plan, please refer to the sections headed “Business – Production – Production plants” on pages 190 to 193, “Business – Our expansion plan” on pages 194 to 196 and “Financial Information – Capital expenditures – Planned capital expenditures” on pages 338 to 339 of this prospectus.

OUR QUALITY CONTROL

We have been continuously focusing our efforts in all aspects to monitor and ensure the quality and safety of our products throughout our procurement and production process, including inspection and/or testing of incoming raw materials, work-in-progress and finished goods. As at 30 June 2017, our quality control team in Hong Kong and the PRC comprised 16 and 84 staff members, respectively.

In April 2017, the Shunde CIQ inspected our instant noodle products when we imported the same from Hong Kong to the PRC. The Shunde CIQ alleged that two out of our seven SKUs of products inspected, namely, our bag-type “Demae Iccho (出前一丁) (出前一丁)” instant noodle products in black garlic oil tonkotsu flavour and Tokyo shoyu tonkotsu flavour, contained coliforms which exceeded the national safety limit. While our internal testing on the same batch of instant noodle products (both before and after the Shunde CIQ’s inspection) produced results showing coliforms level below the national safety limit, we destroyed the relevant batch of instant noodle products that weighed approximately 3.1 tonnes and valued approximately HK\$77,000 at the instruction of the Shunde CIQ. We have since received the inspection and quarantine certificates of goods for entry issued by the Shunde CIQ for our subsequent batches of instant noodle products which we imported from Hong Kong to the PRC. Please refer to the section headed “Business – Quality control – Quality control for finished products” on pages 205 to 206 of this prospectus for further details. Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material negative findings or fines, or other penalties from Hong Kong and the PRC government authorities regarding product quality or safety; (ii) we were not required by Hong Kong or PRC laws to undertake any mandatory product recalls; and (iii) we did not have any material product liability exposure.

SHAREHOLDER INFORMATION

Upon completion of the Global Offering, our Controlling Shareholder, Nissin Japan, beneficially owns in total approximately 73.89% of the issued shares of our Company taking no account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option.

Our Controlling Shareholder is one of the largest manufacturers and sellers of instant noodles in the world. Apart from instant noodles, the Nissin Japan Group also engages in the manufacture and sales of other products including chilled and frozen food, snack, confectionery and beverage products. Despite that both of the Nissin Japan Group and our Group are principally engaged in the manufacturing and sales of instant noodles, we focus our operations in Hong Kong and the PRC and primarily sell our products in the HK Group Territory, whereas the Nissin Japan Group focuses its operations in the Nissin Japan Group Territory. Our Directors believe that the separate geographical focuses demonstrate clear and adequate delineation between the business of the Nissin Japan Group and that of our Group. To further safeguard and ensure that there is a clear delineation of business between our Group and the Nissin Japan Group after Listing, our Controlling Shareholder has entered into the Deed of Non-competition on 21 November 2017 in favour of us undertaking not to compete with our business. During the Track Record Period, we had been conducting certain transactions with the Nissin Japan Group in ordinary course of business and on arm’s length basis. We expect to continue such transactions with the Nissin Japan Group after Listing, which will constitute continuing connected transactions of our Company under the Listing Rules. For more details, please refer to the sections headed “Relationship with the Controlling Shareholder – Operational independence” on page 258 and “Connected Transactions” on pages 225 to 241 of this prospectus.

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On 18 February 2016, to show management's confidence in our future business performance, Mr. Kiyotaka Ando, our executive Director, chairman of the Board and chief executive officer of our Group, subscribed 283,837 new Shares at a consideration of HK\$43,994,735. For more details, please refer to the section headed "History, Reorganisation and Corporate Structure – Subscription of new Shares by our Director" on page 135 of this prospectus. We also adopted the Share Award Scheme on 7 March 2016 and 13,200 new Shares were allotted and issued to the Trustee. The purpose of the Share Award Scheme was to provide us with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants and potential participants. During the year ended 31 December 2016, a total of 5,804 Shares had been awarded to certain employees (including but not limited to Directors, executives, officers and other employees, whether full-time or part-time, of any members of our Group) at no consideration. The aggregate fair value of these 5,804 Shares at the date of grant amounted to approximately HK\$0.9 million, which will be recognised as an expense in profit or loss for the year ending 31 December 2017. For more details, please refer to the sections headed "History, Reorganisation and Corporate Structure – The Employee Trust and the Share Award Scheme" on pages 135 to 136 of this prospectus and "Statutory and General Information – D. Share Award Scheme" in Appendix IV to this prospectus.

RISK FACTORS

Our Directors believe that there are certain risks involved in our operations. Many of these risks are beyond our control. A detailed discussion of the risk factors that we believe are particularly relevant to us is set out in the section headed "Risk Factors" in this prospectus. Set out below are some of the major risks that may materially and adversely affect us:

- Our business depends heavily on the strength of our brands and reputation, and consumers' recognition and their trust in our products may be materially and adversely affected if we fail to maintain and enhance our brands and reputation;
- If our products become adulterated or misbranded, we may need to destroy or recall those products and may also be subject to product liability claims;
- We may not be able to anticipate changes in consumer tastes, preferences, perceptions or consumers' increasing health consciousness and awareness and our efforts in developing, launching and promoting new products may not be successful, which may result in decreased demand for our products;
- We rely on third-party distributors to place our products into the market and failure to maintain relationship with our existing distributors, attract new distributors or effectively manage our distributors may materially and adversely affect our business, results of operations and financial condition;
- We had a concentration of customers during the Track Record Period; and
- We have limited control over the practice and manner of the sales by sub-distributors.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below present the summaries of selected consolidated financial information of our Group for the Track Record Period, which are derived from, and should be read in conjunction with our financial information, including the notes thereto, set out in the accountants' report in Appendix I to this prospectus.

Summary of consolidated statements of profit or loss

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2,535,984	2,628,663	2,629,905	1,322,998	1,343,783
Gross profit	865,481	995,340	1,041,183	520,431	483,325
Profit before taxation	231,140	182,575	167,669	151,719	133,784
Profit for the year attributable to:				<i>(Unaudited)</i>	
Owners of the Company	149,487	101,268	90,762	106,741	91,620
Non-controlling interests	23,273	14,910	16,390	8,348	10,937
	172,760	116,178	107,152	115,089	102,557
OTHER FINANCIAL MEASURE					
EBITDA⁽¹⁾⁽³⁾	320,930	347,446	368,185	202,490	181,816
ADJUSTED NET INCOME⁽²⁾⁽³⁾	170,684	201,816	198,361	114,713	93,620

SUMMARY

Notes:

- (1) EBITDA is a non-HKFRS measurement which is used by the management to assess performance of operating segments, allocate resources and make strategic decisions. The measurement basis of EBITDA is defined as net profit before net interest expenses, tax, depreciation of property, plant and equipment, amortisation of trademark and amortisation of prepaid lease payments for leasehold land. This also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain or loss on remeasurement of contingent consideration payable.
- (2) Adjusted net income is a non-HKFRS financial measurement which eliminates the effect of a number of non-recurring costs and charges and certain of other non-cash charges that affect our reported net income, including but not limited to, (i) impairment losses and other expenses attributable to the ceased operation and closing-down of our Songjiang Production Plant; (ii) impairment losses attributable to the reduction in recoverable value of certain production machinery and equipment in Wintai Plant and Zhuhai Production Plant; (iii) impairment losses attributable to the trademark of our Fuku brand; (iv) expenses relating to the restructuring of Nissin China Holding; (v) losses on sale of certain available-for-sale investments; (vi) write-down of inventories held by Shanghai Nissin due to the ceased operation and closing-down of our Songjiang Production Plant; and (vii) listing expenses, and excludes any tax effects related to the preceding adjustments.

During the Track Record Period, our financial performance was affected by a number of non-recurring items. The following table sets out a reconciliation from our profit for the year to adjusted net income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Profit for the year/period	172,760	116,178	107,152	115,089	102,557
Profit attributable to non-controlling interests	23,273	14,910	16,390	8,348	10,937
Profit attributable to equity holders	149,487	101,268	90,762	106,741	91,620
<i>(Plus)/minus:</i>					
<i>Impairment loss of fixed assets attributable to the ceased operation and close-down of Songjiang Production Plant</i>	–	–	(29,313)	–	(1,342)
<i>Impairment loss of fixed assets attributable to reduction in recoverable value of production machinery and equipment in Wintai Plant and Zhuhai Production Plant</i>	–	–	(13,573)	–	–
<i>Impairment loss on trademark of Fuku brand</i>	(21,197)	–	–	–	–
<i>Expenses relating to the restructuring of Nissin China Holding</i>	–	(9,309)	–	–	–
<i>Expenses relating to the ceased operation and close-down of Songjiang Production Plant</i>	–	–	(36,048)	–	–
<i>Loss on sale of available-for-sale investments</i>	–	(85,002)	–	–	–
<i>Write-down of inventories for Songjiang Production Plant</i>	–	–	(7,580)	–	–
<i>Listing expenses</i>	–	(6,237)	(21,085)	(7,972)	(658)
Adjusted net income	170,684	201,816	198,361	114,713	93,620

For more details of our EBITDA and adjusted net income, please refer to the section headed “Financial Information – Results of operations” on pages 293 to 294 of this prospectus.

Summary of consolidated statements of financial position

	As at 31 December			As at 30 June	As at 30 September
	2014	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Current assets	2,025,945	2,707,972	2,035,257	2,093,326	2,283,422
Current liabilities	511,983	620,852	704,424	1,152,331	1,271,968
Net current assets	1,513,962	2,087,120	1,330,833	940,995	1,011,454

SUMMARY

Summary of consolidated cash flows information

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Net cash from operating activities	246,262	294,081	211,459	123,242	84,450
Net cash (used in) from investing activities . .	(515,272)	(168,772)	(33,135)	286,727	146,872
Net cash from (used in) financing activities .	393,901	302,251	(496,005)	(496,005)	(9,911)
Net increase (decrease) in cash and cash equivalents	124,891	427,560	(317,681)	(86,036)	221,411
Effect of foreign exchange rates changes . . .	1,714	(68,964)	(57,730)	(19,191)	11,437
Cash and cash equivalents at the beginning of the year/period	986,510	1,113,115	1,471,711	1,471,711	1,096,300
Cash and cash equivalents at the end of the year/period	1,113,115	1,471,711	1,096,300	1,366,484	1,329,148

Key financial ratios

	Year ended/As at 31 December			Six months ended/As at 30 June
	2014	2015	2016	2017
Gross profit margin	34.1%	37.9%	39.6%	36.0%
Net profit margin	6.8%	4.4%	4.1%	7.6%
Return on equity	6.0%	3.6%	4.0%	4.2%
Current ratio	4.0	4.4	2.9	1.8
Quick ratio	3.6	4.1	2.6	1.6

For more details of our financial ratios, please refer to the section headed “Financial Information – Financial ratios” on page 341 of this prospectus.

RECENT DEVELOPMENT

As far as we are aware, the growth of the instant noodle, frozen food and other food markets in Hong Kong and the PRC remained stable after the Track Record Period. According to Frost & Sullivan, the growth of the Hong Kong instant noodle market expects to recover and the PRC instant noodle market is likely to remain a steady growth, both in terms of the retail sales value. Nevertheless, the instant noodle markets in both Hong Kong and the PRC are relatively mature and may continue to experience a slow growth in the future. We did not experience any significant drop in revenue or increase in cost of sales or other costs subsequent to the Track Record Period up to the Latest Practicable Date as there were no significant changes to the general business model of our Group and economic environment.

The following represents our management’s analysis on our results of operations for the three months ended 30 September 2017. Our Directors are responsible for the preparation and fair presentation of the unaudited condensed consolidated financial statements of our Group for the three months ended 30 September 2017 in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. Our condensed consolidated financial statements for the three months ended 30 September 2017 are unaudited but have been reviewed by our reporting accountants, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. Based on our unaudited condensed consolidated financial statements, our total revenue and gross profit increased by approximately 18.2% and 9.0%, from approximately HK\$693.9 million and HK\$272.4 million for the three months ended 30 September 2016, respectively, to approximately HK\$820.4 million and HK\$296.9 million for the three months ended 30 September 2017, respectively, primarily due to our business growth during the same period. Such business growth was primarily the results of our increased sales of instant noodles in both Hong Kong and the PRC during the same period and our commencement of sales of other branded products in Hong Kong since March 2017. Nevertheless, our gross profit margin decreased from approximately 39.3% for the three months ended 30 September 2016 to approximately 36.2% for the three months ended 30 September 2017, primarily the reason that the gross profit margins for our other branded were generally lower than the gross profit margins of our self-manufactured products, which in turn, led to a lower overall gross profit margin for the period.

Based on our unaudited consolidated management amount, we had (i) net current asset of approximately HK\$1,011.5 million and unutilised banking facilities of approximately HK\$180.8 million as at 30 September 2017; and (ii) net cash from operating activities of approximately HK\$102.2 million and net cash used in investing activities of approximately HK\$37.0 million for the three months ended 30 September 2017. We did not have net cash from or used in financing activities for the three months ended 30 September 2017.

SUMMARY

Upon Listing, we will commence to pay the wages of all the Transferred Employees apart from the nominal wages required to maintain the Japan statutory social insurance for these Transferred Employees, which will still be borne by Nissin Japan after Listing. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, wages of the Transferred Employees which were borne by Nissin Japan amounted to approximately HK\$33.9 million, HK\$33.7 million, HK\$36.0 million and HK\$17.7 million, respectively, representing approximately 19.6%, 29.0%, 33.6% and 17.3% of our profit and approximately 19.9%, 16.7%, 18.1% and 18.9% of our adjusted net income for the same period, respectively. As such, we expect an increase in our staff costs and administrative expenses after Listing. Please also refer to the section headed “Relationship with Controlling Shareholder – Independence of our Group from the Nissin Japan Group – Management independence – Our Directors and senior management – Transferred Employees” on pages 263 to 267 of this prospectus for more details of our arrangement of the Transferred Employees with Nissin Japan. Nevertheless, we expect that our profit for the year ending 31 December 2017 will improve as we do not expect to make significant loss on impairment or disposal of our equity investment again this year.

As at the Latest Practicable Date, we were involved in a claim made against us and demanded us to pay a compensation of a sum of approximately HK\$43.8 million plus related legal costs, details of which are set out in the section headed “Business – Legal proceedings and regulatory compliance – Particulars of claims against our Company as at the Latest Practicable Date” in this prospectus.

NISSIN JAPAN SECOND QUARTER RESULTS

Warning Statement

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS TO MAKE YOUR INVESTMENT DECISION. IN PARTICULAR, YOU SHOULD NOT RELY ON ANY PARTICULAR STATEMENTS IN OTHER PUBLISHED ANNOUNCEMENTS, PRESS AND MEDIA COVERAGE AND/OR RESEARCH ANALYST REPORTS RELATING TO OUR CONTROLLING SHAREHOLDER, NISSIN JAPAN, OUR GROUP AND THE GLOBAL OFFERING. PLEASE REFER TO THE SECTION HEADED “DISCLOSURE BY THE CONTROLLING SHAREHOLDER” IN THIS PROSPECTUS.

On 10 November 2017, Nissin Japan published its half year financial report for the six months ended 30 September 2017 and second quarter financial results summary for the three months ended 30 September 2017 on the Tokyo Stock Exchange (collectively, the “NJ Second Quarter Results”). The following is a summary of the selected financial information relating to Nissin Japan’s performance for its China segment, which comprises the whole financial performance of our Group for the same period, extracted from the NJ Second Quarter Results:

	Three months ended 30 September 2017
	JPY million
Net sales.	11,500
Operating income	1,200

As confirmed by Nissin Japan, the net sales of its China segment in the NJ Second Quarter Results was derived from our revenue, and the operating income of its China segment in the NJ Second Quarter Results was primarily derived from our gross profit less our selling and distribution costs of approximately HK\$164.0 million, administrative expenses of approximately HK\$42.7 million and research and development expenses of approximately HK\$6.9 million for the three months ended 30 September 2017. Our Directors confirm that there is no material difference between the financial information of its China segment published by Nissin Japan and our financial information. The NJ Second Quarter Results were prepared by Nissin Japan for its own reporting and disclosure purpose. We make no representation as to the appropriateness, accuracy, completeness or reliability of the information disclosed in the NJ Second Quarter Results. Investors should not rely on any particular statements from the NJ Second Quarter Results, or in other published announcements, press and media coverage and/or research analyst reports relating to Nissin Japan, our Group and the Global Offering other than those issued by us.

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NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position since 30 June 2017 and there is no event since 30 June 2017 which would materially affect the information shown in the accountants' report in Appendix I to this prospectus.

DIVIDEND

We recognised dividend of HK\$540.0 million as distribution in 2016 to our then equity holders. We also declared interim dividend of HK\$400.0 million in April 2017 and paid such dividend with our working capital to our then equity holders on 10 November 2017. The consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017 has also taken into account such interim dividend declared and payable by us in April 2017 for the year ending 31 December 2017. After Listing, we may distribute dividend depend on our results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividend by us, future prospects and other facts that we may consider relevant, but we currently do not have a dividend policy with a fixed dividend payout ratio. Please also refer to the section headed "Financial Information – Dividend" on page 345 of this prospectus for more details.

THE GLOBAL OFFERING

The Global Offering consists of:

- the offer of initially 26,858,000 Hong Kong Offer Shares for subscription by the public in Hong Kong, referred to in this prospectus as the Hong Kong Public Offering; and
- the offer of initially 241,722,000 International Offering Shares outside the United States in offshore transactions in reliance on Regulation S, including to professional and institutional investors in Hong Kong, referred to in this prospectus as the International Offering.

KEY OFFERING STATISTICS⁽¹⁾

	Based on an Offer Price of HK\$3.45 per Offer Share	Based on an Offer Price of HK\$4.21 per Offer Share
Market capitalisation of our Shares ⁽²⁾	HK\$3,705 million	HK\$4,521 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share ⁽³⁾	HK\$2.95	HK\$3.13

Notes:

- (1) All statistics in this table assume the Over-allotment Option is not exercised.
- (2) The calculation of market capitalisation is based on 1,073,791,480 Shares expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised at all).
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived on the basis of 1,073,791,480 shares assumed to be in issue, assuming that the Share Subdivision and the issue of 268,580,000 Shares pursuant to the Global Offering had been completed on 30 June 2017. It does not take into account of any Offer Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any shares which may be issued and allotted pursuant to the Share Award Scheme, or any shares which may be issued or repurchased pursuant to our general mandate.

LISTING EXPENSES

For the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, we incurred listing expenses of approximately HK\$6.2 million, HK\$21.1 million and HK\$0.7 million, respectively, which were charged to our consolidated statements of profit or loss and other comprehensive income for the same period. We expect to further incur underwriting commissions of approximately HK\$25.7 million (based on mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any discretionary incentive fees, if applicable) and other listing expenses of HK\$22.6 million by the completion of the Global Offering, of which an estimated amount of approximately HK\$11.2 million will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2017 and an estimated amount of approximately HK\$37.1 million will be capitalised. We do not expect these listing expenses to have a material impact on our business and results of operations for the year ending 31 December 2017.

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USE OF PROCEEDS

We estimate that the aggregate net proceeds of the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$3.83 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$3.45 to HK\$4.21 per Offer Share) will be approximately HK\$980.3 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately HK\$441.2 million, representing approximately 45.0% of the net proceeds from the Global Offering, is expected to be used primarily for further expanding and upgrading our production plants and facilities;
- approximately HK\$98.0 million, representing approximately 10.0% of the net proceeds from the Global Offering, is expected to be used primarily for further expanding our sales and distribution network;
- approximately HK\$49.0 million, representing approximately 5.0% of the net proceeds from the Global Offering, is expected to be used primarily for enhancing our research and development capabilities;
- approximately HK\$294.1 million, representing approximately 30.0% of the net proceeds from the Global Offering, is expected to be used primarily for strategic partnerships and/or acquisitions to further diversify our instant noodle, frozen food and other product offerings; and
- approximately HK\$98.0 million (equivalent to approximately 10.0% of our total estimated net proceeds) for working capital and other general corporate purposes.

Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further information on our use of net proceeds of the Global Offering.

DISCLOSURE BY THE CONTROLLING SHAREHOLDER

YOU SHOULD ONLY RELY ON THE INFORMATION INCLUDED IN THIS PROSPECTUS AND DOCUMENTS ISSUED BY OUR COMPANY TO MAKE YOUR INVESTMENT DECISION AND SHOULD NOT RELY ON ANY PARTICULAR STATEMENTS IN OTHER PUBLISHED ANNOUNCEMENTS, NEWS REPORTS AND/OR RESEARCH ANALYST REPORTS RELATING TO OUR CONTROLLING SHAREHOLDER, NISSIN JAPAN, OUR GROUP AND THE GLOBAL OFFERING.

Prior to Listing

Prior to the publication of this prospectus, there have been, and there may be subsequent to the date of this prospectus but prior to our Listing, announcements, press and media coverage and research analysis reports regarding Nissin Japan and its subsidiaries (including our Group) and the Global Offering, which have also included or will include certain historical and forward-looking financial information under JGAAP about Nissin Japan and its subsidiaries (including our Group) and information about business operation and strategic development concerning Nissin Japan and its subsidiaries (including our Group), that do not appear in this prospectus. Forward-looking financial or business information contained in such published announcements, news reports and research analyst reports should not, in any way, be interpreted as profit projection or business forecast of our Group.

Nissin Japan published (1) a “Medium Term Business Plan 2021” in May 2016, (2) its annual results entitled “Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2017” in May 2017, (3) its quarterly results entitled “Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2017” in August 2017 and (4) its interim results entitled “Summary of Consolidated Financial Statements for the six months (1st Half) ended 30 September 2017” in November 2017, all of which (as well as supplemental information and presentation materials relevant to such annual and quarterly results) contain forward looking financial information of Nissin Japan Group (including our Group). Please refer to the section headed “Relationship with Controlling Shareholder – Financial reporting and disclosure by Nissin Japan” in this prospectus for further details. To the best knowledge of the Directors, other than the aforesaid and any disclosure which may be required to be published by Nissin Japan upon the occurrence of any material event which may result in significant adjustment to publish forecasted financial figures, Nissin Japan has no current plan to publish any other forward looking financial information containing information about our Group before Listing.

Our Company does not endorse or participate in the disclosure of any such information. Our Company does not accept any responsibility for any such announcements, press and media coverage or research analyst coverage or the accuracy or completeness of any such information. Our Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. If any such information appearing in publications other than this prospectus and the documents issued by our Company is inconsistent or conflicts with the information in this prospectus, our Company disclaims it.

After the Listing

There may continue to be publication of announcements, press and media coverage and research analyst reports regarding Nissin Japan and its subsidiaries (including our Group) after our Listing. Nissin Japan may continue to publish certain historical and forward-looking financial information about the operations and financial condition in the ordinary course of business of Nissin Japan and its subsidiaries (including our Group). In particular, Nissin Japan publishes its

DISCLOSURE BY THE CONTROLLING SHAREHOLDER

consolidated periodic financial information according to requirements in Japan including performance of its operation in the PRC and Hong Kong, which is operated by our Group, on quarterly basis. Nissin Japan prepares its financial results under JGAAP pursuant to the requirements of the FIEA on a consolidated basis without taking into account the impact or effect of any intra-group transactions or differences in scope of business that are relevant to our reporting and disclosure purposes, whereas we prepare our financial statements in accordance with HKFRSs taking into account, among other things, the impact of connected transactions with the Nissin Japan Group. In addition, the financial year-end of Nissin Japan and that of our Group are also different. Nissin Japan's financial year-end falls on 31 March and the financial year-end of our Group falls on 31 December. Furthermore, Nissin Japan is listed on the Tokyo Stock Exchange and the relevant rules and guidelines governing forward-looking financial information differ from those of the Listing Rules and may allow for the publication of information that may not otherwise be in strict compliance with the Listing Rules. Accordingly, any forward-looking financial information published by Nissin Japan should not be considered as profit forecasts and estimations of our Group within the ambit of the Listing Rules and the financial results published by Nissin Japan do not necessarily contain financial information which is accurate or precise with respect to our Group as is generally required or intended under the Listing Rules or had such information been prepared by us. You should not place undue reliance on such information.

Accordingly, you should only rely on the information included in this prospectus and documents issued by our Company to make your investment decision and should not rely on any other information.

For compliance with the requirements under Rule 13.09 of the Listing Rules, we will make corresponding announcements as soon as practicable after Nissin Japan's publication of information that relates to our Group's business and operations. Please refer to the section headed "Relationship with Controlling Shareholder – Financial reporting and disclosure by Nissin Japan" for further details.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AIC”	the Administration for Industry and Commerce of the PRC (中華人民共和國工商行政管理局)
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on 21 November 2017 to take effect on the Listing Date and as amended from time to time, a summary of which is set out in the section headed “Summary of the Articles of Association” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or sole individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Nissin Foods Company Limited (日清食品有限公司), a company incorporated under the laws of Hong Kong with limited liability on 19 October 1984
“Competition Ordinance”	the Competition Ordinance, Chapter 619 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Nissin Japan
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Non-competition”	a deed of non-competition dated 21 November 2017 entered into by our Controlling Shareholder in favour of our Company, details of which are disclosed in the section headed “Relationship with Controlling Shareholder – Non-competition undertaking” in this prospectus
“Demae Iccho Factory”	our workshop for our “Demae Iccho (出前一丁)” (出前一丁) products, which was launched at the Hong Kong International Airport in November 2016 and is the first expansion of the same outside Japan. The workshop allows customers to make “Demae Iccho” products by themselves and to learn the manufacturing process of instant noodles while enjoying the process of kneading the wheat flour, spreading, cutting, steaming, and then drying it with the “oil heat drying method”
“Director(s)”	any director(s) of our Company

DEFINITIONS

““DOLL (公仔) (大) or “DOLL (公仔) (大) brand”	our Doll (公仔) (大) brand, one of our core corporate brands, which is denoted by product brands primarily including “Doll Instant Noodle (公仔麵) (公仔麵)” and “Doll Dim Sum (公仔點心) (大公仔點心)”
“Dongguan Nissin”	東莞日清包裝有限公司 (Dongguan Nissin Packaging Co., Ltd.*), a company established under the laws of the PRC on 17 October 2013 with limited liability and a wholly-owned subsidiary of our Company
“Dongguan Production Plant”	our production facilities located at Songmushan Village, Dalang Town, Dongguan, Guangdong Province, the PRC, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)
“Employee Trust”	a trust with Acheson Limited as the trustee and the Company as the settler for the purpose of recognising and rewarding the contribution and performance of certain employees of our Group
“ERP”	enterprise resource planning, systems that integrate internal and external management information across an entire organisation, embracing finance and accounting, manufacturing, sales and service and customer relationship management. ERP systems automate this activity with an integrated software application
“Excluded Business”	the operation and business retained by Nissin Japan in the PRC through certain entities established in the PRC in which Nissin Japan has interest, namely 山東仁木食品有限公司 (Shandong Renmu Food Co., Ltd.*), 山東麥麗香食品有限公司 (Shandong Mailixiang Food Co., Ltd.*), 朋啟食品(蘇州)有限公司 (Pengqi Food (Suzhou) Co., Ltd.*) and the Nissin Shanghai Food Safety Institute
“FIEA”	the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
“Fujian Nissin”	福建日清食品有限公司 (Fujian Nissin Foods Co., Ltd.*), a company established under the laws of the PRC on 19 February 2014 with limited liability and a wholly-owned subsidiary of our Company

DEFINITIONS

“Gangyongnan”	港永南食品(深圳)有限公司 (Gangyongnan Food Products (Shenzhen) Co., Ltd.*), a company established under the laws of the PRC on 9 March 1999 with limited liability and a wholly-owned subsidiary of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Guangdong Nissin”	廣東順德日清食品有限公司 (Guangdong Shunde Nissin Foods Co., Ltd.*), a company established under the laws of the PRC on 13 November 1994 with limited liability and a wholly-owned subsidiary of our Company
“HK Group Territory”	Hong Kong, the PRC, Macau and Taiwan in which the Nissin Japan Group undertakes not to sell its instant noodles, frozen food, snack and confectionery products pursuant to the Deed of Non-competition
“HK\$”, “HK dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Offer Shares”	the 26,858,000 Offer Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer for subscription of Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed “Structure and Conditions of the Global Offering”) at the Offer Price (plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 28 November 2017 relating to the Hong Kong Public Offering entered into by our Company, Nomura International (Hong Kong) Limited, Mizuho Securities Asia Limited, the executive Directors and the Hong Kong Underwriters
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or Substantial Shareholder(s) of our Company, its subsidiaries or any of their respective associates
“International Offer Shares”	241,722,000 Offer Shares being initially offered by our Company pursuant to the International Offering, together with any additional Shares offered pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Offering”	the offer of International Offer Shares as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering and parties to the International Underwriting Agreement as described in the section headed “Underwriting – International Offering” in the prospectus

DEFINITIONS

“International Underwriting Agreement”	the underwriting agreement relating to the International Offering, which is expected to be entered into by our Company, Nomura International (Hong Kong) Limited, Mizuho Securities Asia Limited, the executive Directors and the International Underwriters on or around 4 December 2017
“JGAAP”	Japanese generally accepted accounting principles
“Jinmailang”	Jinmailang Paper, Jinmailang Foods and Jinmailang Noodle
“Jinmailang Foods”	今麥郎食品有限公司 (Jinmailang Foods Co., Ltd.*), a company established under the laws of the PRC on 28 August 1996 with limited liability and an Independent Third Party as at the Latest Practicable Date
“Jinmailang Investment”	今麥郎投資有限公司 (Jinmailang Investment Co., Ltd.*), a company established under the laws of the PRC on 4 April 2004 with limited liability and an Independent Third Party as at the Latest Practicable Date
“Jinmailang Noodle”	今麥郎麵品有限公司 (formerly known as 今麥郎日清食品有限公司 Jinmailang Nissin Food Co., Ltd.*) (Jinmailang Noodle Products Co., Ltd.*), a company established under the laws of the PRC on 25 August 2011 with limited liability and an Independent Third Party as at the Latest Practicable Date
“Jinmailang Paper”	河北今麥郎紙品有限公司 (Hebei Jinmailang Paper Co., Ltd.*), a company established under the laws of the PRC on 22 July 1999 with limited liability and an Independent Third Party as at the Latest Practicable Date
“Joint Bookrunners” or “Joint Lead Managers”	Nomura International (Hong Kong) Limited and Mizuho Securities Asia Limited, being the joint bookrunners and the joint lead managers of the Global Offering
“JPY” or “¥”	Japanese Yen, the lawful currency of Japan
“KOIKE-YA”	KOIKE-YA Inc. (formerly known as Frente Co., Ltd.), a company incorporated under the laws of Japan on 13 January 1977 whose shares are listed on the JASDAQ Market of the Tokyo Stock Exchange and an associate of Nissin Japan and a connected person of our Company
“Latest Practicable Date”	21 November 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication

DEFINITIONS

“Legal Counsel”	Mr. Bernard Man, Senior Counsel, barrister-at-law in Hong Kong
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or about 11 December 2017, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
“Mandatory Provident Fund Schemes Ordinance”	the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“MCHK”	Mitsubishi Corporation (Hong Kong) Limited (香港三菱商事會社有限公司), a company incorporated under the laws of Hong Kong on 28 September 1973 and a wholly-owned subsidiary of Mitsubishi
“MCMS”	MC Marketing & Sales (Hong Kong) Limited (香港捷菱有限公司), a company incorporated under the laws of Hong Kong on 17 January 1978 with limited liability and owned as to 51.0% and 49.0% by our Company and Mitsubishi, respectively
“Minimum Wage Ordinance”	the Minimum Wage Ordinance, Chapter 608 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Mitsubishi”	三菱商事株式會社 (Mitsubishi Corporation), a company established under the laws of Japan on 1 July 1954 and a substantial shareholder of our non-wholly-owned subsidiary, namely MCMS

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“MOFCOM”	The Ministry of Commerce of the PRC (中華人民共和國商務部)
“My Cup Noodles Factory”	our workshop for our “Cup Noodles (合味道)” (合味道) products, which was launched at the Hong Kong International Airport in November 2016 and is the first expansion of the same outside Japan. The workshop allows customers to create their own “Cup Noodles” products by themselves and to understand the origin of invention of cup-type instant noodles
““NISSIN (日清)” (NISSIN) or “NISSIN (日清)” (NISSIN) brand”	our Nissin (日清) (NISSIN) brand, one of our core corporate brands, which is denoted by product brands primarily including “Cup Noodles (合味道)” (合味道), “Demae Iccho (出前一丁)” (出前一丁) and “Fuku (福)” (福)
“Nissin China Holding”	日清食品(中國)投資有限公司 (Nissin Foods (China) Holding Co., Ltd.*), a company established under the laws of the PRC on 29 October 2001 with limited liability and a wholly-owned subsidiary of our Company
“Nissin Foods HK”	Nissin Foods (H.K.) Company Limited (日清食品(香港)有限公司), a company incorporated under the laws of Hong Kong on 25 August 2015 with limited liability and a wholly-owned subsidiary of our Company
“Nissin Germany”	Nissin Foods GmbH, a company incorporated under the laws of Germany on 5 February 1993 and a wholly-owned subsidiary of Nissin Japan and a connected person of our Company
“Nissin Japan”	Nissin Foods Holdings Co., Ltd., a company established under the laws of Japan on 4 September 1948 and our Controlling Shareholder whose shares are listed on the Tokyo Stock Exchange, Inc.
“Nissin Japan Group”	Nissin Japan and its subsidiaries (excluding, except where the context otherwise requires, our Group)
“Nissin Japan Group Territory”	countries and regions other than the HK Group Territory, including Japan, the United States, Europe and other parts of the world

DEFINITIONS

“Nissin Koikeya Foods”	日清湖池屋(中國•香港)有限公司 (Nissin Koikeya Foods (China & HK) Co., Ltd.), a company incorporated under the laws of Hong Kong on 27 September 2013 with limited liability and is currently owned as to 66.0% and 34.0% by our Company and KOIKE-YA, respectively
“Nissin Management”	Nissin Foods (H.K.) Management Company Limited (日清食品(香港)管理有限公司), a company incorporated under the laws of Hong Kong on 6 July 2001 with limited liability and a wholly-owned subsidiary of our Company
“Nissin Plant”	our production facilities located at 21-23 Dai Shing Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“Nissin Shanghai Food Safety Institute”	日清(上海)食品安全研究開發有限公司 (Food Safety Evaluation & Research Institute Co., Ltd.*), a company established under the laws of the PRC on 24 March 2005 with limited liability owned as to 5.0% by our Company and 95.0% by Nissin Japan, and a connected person of our Company
“Nissin Thailand”	Nissin Foods (Thailand) Co., Ltd., a company incorporated under the laws of Thailand on 21 January 1994 and a non wholly-owned subsidiary of Nissin Japan and a connected person of our Company
“Nissin Vietnam”	Nissin Foods Vietnam Co., Ltd., a company incorporated under the laws of Vietnam on 5 March 2011 and a wholly-owned subsidiary of Nissin Japan and a connected person of our Company
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final price per Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of no more than HK\$4.21 at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section headed “Structure and Conditions of the Global Offering – Pricing” in this prospectus

DEFINITIONS

“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together, where relevant, with any additional Shares issued pursuant to the Over-allotment Option
“Over-allotment Option”	the option to be granted by us to the Sole Global Coordinator on behalf of the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 40,287,000 additional Shares at the Offer Price, representing 15.0% of the total number of Offer Shares initially available under the Global Offering, to cover over-allocation in the International Offering, if any
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Pinghu Production Plant”	our production facilities located at west of Xihuabei Road, north of Xinming Road, Pinghu Economic Technology Development Zone, Pinghu, Zhejiang Province, the PRC, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“PRC” or “China”	People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to “China” and the “PRC” apply only to the mainland and do not apply to Hong Kong, Macau and Taiwan
“PRC Legal Advisers”	Broad & Bright Law Firm (世澤律師事務所)
“Price Determination Date”	the date, expected to be on or around Monday, 4 December 2017 but no later than Friday, 8 December 2017, on which the Offer Price is to be fixed by agreement between our Company and the Sole Global Coordinator (on behalf of the Underwriters) for the purposes of the Global Offering
“provinces”	include provinces, autonomous regions and municipalities under the direct administration of the central government of the PRC
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Relevant Business”	the business that our Group is principally engaged in, namely, the manufacture and sale of instant noodles, frozen food, snack and confectionery products
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganisation”	the reorganisation arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in this prospectus
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Nissin”	上海日清食品有限公司 (Shanghai Nissin Foods Co., Ltd.*), a company established under the laws of the PRC on 28 February 1995 with limited liability and a wholly-owned subsidiary of our Company
“Share(s)”	ordinary share(s) in the capital of our Company with no nominal value
“Share Award Scheme”	the share award scheme adopted by us on 7 March 2016 for the benefit of our employees, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information – D. Share Award Scheme” in Appendix IV to this prospectus
“Share Subdivision”	the subdivision of the Company’s ordinary Shares from 20,143,487 Shares to 805,739,480 Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shunde CIQ”	Shunde Entry – Exit Inspection and Quarantine Bureau of the PRC (中華人民共和國順德出入境檢驗檢疫局)

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“Shunde Production Plant”	our production facilities located at No. 13 Gangqian Road, Beijiao Community Residents Committee Industrial Park, Beijiao Town, Shunde District, Foshan, Guangdong Province, the PRC, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“SKU”	Stock-keeping unit, a unique identifier of each distinct product, with products that are exactly the same except for their different flavours or different packaging deemed as different stock-keeping units
“Snacks Outsourcing Agreement”	the agreement regarding the outsourcing arrangements for potato chips products entered into between Taiwan Koikeya and Nissin Koikeya Foods on 8 January 2014 and constitutes a continuing connected transaction of our Group upon Listing
“Sole Global Coordinator”	Nomura International (Hong Kong) Limited
“Sole Sponsor”	Nomura International (Hong Kong) Limited
“Songjiang Production Plant”	our production facilities located at No. 1 Xinxiao Road, Songjiang District, Shanghai, the PRC, which ceased operation and was closed down in October 2016, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“sq.m.”	square metres
“Stabilising Manager”	Nomura International (Hong Kong) Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Sole Global Coordinator and Nissin Japan on the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Taiwan Koikeya”	台灣湖池屋股份有限公司 (Taiwan Koikeya Company Limited*), a company incorporated under the laws of Taiwan on 17 August 2006 and a subsidiary of KOIKE-YA and connected person of the Company

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“Technology and Trademark Licencing Agreement”	the master technology and trademark licencing agreement entered into between Nissin Japan and our Company on 21 November 2017 and constitutes a continuing connected transaction of our Group
“Tokyo Stock Exchange”	Tokyo Stock Exchange, Inc.
“Track Record Period”	the three financial years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017
“Transferred Employee(s)”	the employees of our Group who have been transferred from Nissin Japan Group to work for our Group as detailed in the section headed “Relationship with Controlling Shareholder – Independence of our Group from the Nissin Japan Group – Management independence – Our Directors and senior management – Transferred Employees” of this prospectus
“Trustee”	Acheson Limited, a company incorporated under the laws of Hong Kong, being the trustee holding the awarded Shares for the purpose of the Share Award Scheme
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “USD” or “US\$”	United States dollars, the lawful currency of the united States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“WFOE”	wholly foreign-owned enterprise
“ WHITE Application Form(s)”	the application form(s) to be completed in accordance with the instructions in section headed “How to Apply for Hong Kong Offer Shares – Applying for Hong Kong Offer Shares – Which application channel to use” in this prospectus

DEFINITIONS

“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name through the designated website of White Form eIPO – www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wing On Plant”	our production facilities located at 9-13 Dai Cheong Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, details of which are out in the section headed “Business – Production – Production plants” in this prospectus
“Winner Food”	Winner Food Products Limited (永南食品有限公司), a company incorporated under the laws of Hong Kong on 11 April 1969 with limited liability and a wholly-owned subsidiary of our Company
“Winner Plant”	our production facilities located at 11-13 Dai Shun Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, details of which are out in the section headed “Business – Production – Production plants” in this prospectus
“Wintai Plant”	our production facilities located at 20 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, details of which are out in the section headed “Business – Production – Production plants” in this prospectus
“Xiamen Production Plant”	our production facilities located at the east of No. 88 Meiheliu Road, Light Industrial Foods Park, Tongan District, Xiamen, Fujian Province, the PRC, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“YELLOW Application Form(s)”	the application form(s) to be completed in accordance with the instructions in section headed “How to Apply for Hong Kong Offer Shares – Applying for Hong Kong Offer Shares – Which application channel to use” in this prospectus
“Zhejiang Nissin”	浙江日清食品有限公司 (Zhejiang Nissin Foods Co., Ltd.*), a company established under the laws of the PRC on 25 November 2014 with limited liability and a wholly-owned subsidiary of our Company

DEFINITIONS

“Zhuhai Production Plant”	our production facilities located at the Foods Industrial City, east of Chunhua Park, Zhongxin Village, Sanzao Town, Zhuhai, Guangdong Province, the PRC, details of which are set out in the section headed “Business – Production – Production plants” in this prospectus
“Zhuhai Winner”	珠海市金海岸永南食品有限公司 (Zhuhai Golden Coast Winner Food Products Limited*), a company established under the laws of the PRC on 3 July 1993 with limited liability and is owned as to 70.45% by our Company and 29.55% by Zhuhai S.E.Z. Western Development Co.* (珠海經濟特區西部發展總公司)
“%”	per cent

All dates and times refer to Hong Kong dates and time.

Unless otherwise specified, amounts denominated in RMB or JPY have been translated, for the purpose of illustration only, into HK\$, and vice versa, in this prospectus (i) at the rate of HK\$1.00 to RMB0.8495, which was the PBOC rates prevailing on the Latest Practicable Date; and (ii) at the rate of HK\$1.00 to JPY14.4015, which was the average rate quoted by The Hongkong and Shanghai Banking Corporation as at the Latest Practicable Date. No representation is made that any amounts in HK\$ and RMB can be or could have been at the relevant date converted at the above rate or any other rates or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be as arithmetic aggregation of the figures receding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” are for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“HACCP”	a quality management system which identifies and evaluates points during production in order to set up measures and control hazards to ensure product safety
“IEC 17025”	is the main ISO standard used by testing and calibration laboratories that specifies the general requirements for the competence to carry out tests and/or calibrations
“ISO”	an International Organisation for Standardisation, a non-governmental organisation based in Geneva, Switzerland, for assessing the quality system of business organisations

FORWARD-LOOKING STATEMENTS

In this prospectus, statements of or references to our intentions or that of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant known or unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- future developments, trends and conditions in the industry in which we operate;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- the regulatory environment and industry outlook in general for the industries discussed herein;
- general political, economic, legal and social conditions in Hong Kong, the PRC and the markets in which we operate;
- our dividend payout;
- our future capital needs and capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the competitive markets for our products and the actions and developments of our competitors;
- volumes, operations, margins, risk management and exchange rates;
- exchange rate fluctuations and developing legal system, in each case pertaining to Hong Kong, the PRC and the industries and markets in which we operate;
- financial condition and performance;
- regulations and restrictions;
- macroeconomic measures taken by the PRC government to manage economic growth;
- other statements in this prospectus that are not historical fact; and
- other factors beyond our control.

FORWARD-LOOKING STATEMENTS

The words “aim”, “anticipate”, “believe”, “consider”, “could”, “predict”, “estimate”, “potential”, “continue”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those suggested by the forward-looking statements. Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our business, results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. These forward-looking statements should be considered in light of various important factors, including those set out in the section headed “Risk Factors” in this prospectus. Moreover, the inclusion of forward looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. Our Directors confirm that these forward-looking statements are made after due and careful consideration and on bases and assumptions that are fair and reasonable. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

The Global Offering and the investment in our Shares involve certain risks. You should carefully consider all the information set out in this prospectus, including, but not limited to, the risks and uncertainties described in the following risk factors when considering making an investment in our Shares being offered in the Global Offering. Our operations involve certain risks, many of which are beyond our control. You should also pay particular attention to the fact that although we are a company incorporated in Hong Kong, a significant portion of our business is located in the PRC and we are governed by a legal and regulatory environment that may differ from that which prevails in other countries and jurisdictions. Our business, results of operations and financial condition may be adversely affected by any of the risks and uncertainties described below. The trading price of our Shares may decline due to any of these risks and uncertainties and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our business depends heavily on the strength of our brands and reputation, and consumers' recognition and their trust in our products may be materially and adversely affected if we fail to maintain and enhance our brands and reputation

We rely heavily on the strength of our brands and reputation in marketing and selling our products. We believe that our corporate brands and product brands are recognised among consumers for quality and reliability, and these recognitions have allowed us to establish ourselves as a renowned food company in Hong Kong and the PRC. However, our brands and reputation may be harmed by product defects, ineffective customer services, product liability claims, consumer complaints, intellectual property infringement or negative publicity or media reports. Any negative claim against us, even if meritless or unsuccessful, may divert our management's attention and other resources from day-to-day business operation, which may adversely affect our business, results of operations and financial condition. Negative media coverage regarding the safety, price-level, quality or nutritional value of our products, and the resulting negative publicity, may materially and adversely affect the level of consumer recognition of, and trust in, us and our products. In addition, adverse publicity about any regulatory or legal action against us may damage our reputation and brand image, undermine our consumers' confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations.

Additionally, the PRC's food industry has experienced problems related to food safety, including contamination, due to adulterated supplies of raw materials and inadequate enforcement of food-safety regulations and inspection procedures. While these events may not have any direct connection to us or any involvement of our products or operations, these types of problems may negatively influence consumer perception and demand for our products, which may adversely affect our business, results of operations and financial condition.

If our products become adulterated or misbranded, we may need to destroy or recall those products and may also be subject to product liability claims

We sell food products for human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration. We may need to destroy or recall some of our products if they become adulterated or misbranded, which may in turn, cause our products to be unavailable for a period of time. For example, in 2008, there were sales of infant formula and powdered milk in the PRC that were contaminated with melamine. As part of our "Cha

RISK FACTORS

Cha Dessert” products were using the milk supplied by one of the related Chinese suppliers, we decided to voluntarily recall all of the retort pouch products manufactured during the relevant period in September 2008. In addition, in April 2017, the Shunde CIQ inspected our instant noodle products when we imported the same from Hong Kong to the PRC. The Shunde CIQ alleged that two out of our seven SKUs of products inspected, namely, our bag-type “Demae Iccho (出前一丁) (出前一丁)” instant noodle products in black garlic oil tonkotsu flavour and Tokyo shoyu tonkotsu flavour, contained coliforms which exceeded the national safety limit. While our internal testing on the same batch of instant noodle products (both before and after the Shunde CIQ’s inspection) produced results showing coliforms level below the national safety limit, we destroyed the relevant batch of instant noodle products that weighed approximately 3.1 tonnes at the instruction of the Shunde CIQ. We have since received the inspection and quarantine certificates of goods for entry issued by the Shunde CIQ for our subsequent batches of instant noodle products which we imported from Hong Kong to the PRC. Subsequently, in July 2017, the Food and Environmental Hygiene Department of Hong Kong made an enquiry to us, inspected our production plant in Hong Kong, collected samples of our instant noodle products for testing and verbally confirmed that the tests revealed no negative findings.

Further, in September 2017, we have been informed by our local distributor in Canada that the Canadian Food Inspection Agency (the “CFIA”) has raised enquiries on egg protein levels and related food labelling issues regarding two of our frozen food products, shrimp wonton and seafood shao mai. The said products were manufactured by Winner Food and its third-party contract manufacturer, respectively. After making reasonable enquiries and investigation, one shipment of our products, which consisted of the shrimp wonton and the seafood shao mai, were found by the CFIA to contain egg proteins. Due to our intention to unify and streamline the food labelling on the packaging of the seafood shao mai, the statement “contains allergens and may contain: eggs (in English)/contient allergènes et peut contenir: oeufs (in French)” was removed from the packaging of this product. Our local distributor subsequently received a notification from the CFIA, which (a) confirmed that there was no issue for our shrimp wonton products; and (b) instructed to put an additional food labelling sticker on our seafood shao mai products indicating that “contains allergens and may contain: eggs (in English)/contient allergènes et peut contenir: oeufs (in French)”. Subsequently, our local distributor followed the instruction of the CFIA and put an additional food labelling sticker on our seafood shao mai products that were still at their warehouse. As remedial measures, we also voluntarily instructed our local distributor to retrieve our seafood shao mai products that were already in the market. As at the Latest Practicable Date, we did not receive any consumer complaint in relation to the products in question.

As disclosed above, we cannot assure you that deterioration, cross-contamination or mis-labelling of our products will not occur during production, sales and distribution and transportation due to reasons unknown to us or out of our control. In particular, we sell frozen food products and also subcontract a portion of the manufacturing process of our products to third-party contract manufacturers, and we may be subject to higher risk in this regard. Any product contamination which causes illness or injury to our consumers may also subject us to product liability claims, adverse publicity and government scrutiny, investigation or intervention, temporary suspension of production, loss of consumer’s confidence and decline in sales, temporary or permanent damage to the image of our corporate brands and product brands, increase in marketing expenses to revive brand image, the need to change major suppliers which may not be able to secure sufficient raw materials in time at current cost level, penalties and fines from government authority and increase in cost for product quality and safety control measures. A widespread recall or a significant product liability claim against us may cause consumers to lose confidence in our

RISK FACTORS

products, which may materially and adversely affect our business, results of operations and financial condition. The occurrence of such problems may also result in serious damage to our brands and reputation. Adverse publicity, whether valid or not, may discourage consumers from buying our products, and as a result our sales may materially decline, which may have an adverse impact on our profitability.

We may not be able to anticipate changes in consumers' tastes, preferences, lifestyle, perceptions or consumers' increasing health consciousness and awareness and our efforts in developing, launching and promoting new products may not be successful, which may result in decreased demand for our products

The instant noodle and frozen food industry in Hong Kong and the PRC are highly competitive and consumers may shift their choices and preferences whenever new products are launched or introduced by various marketing and pricing campaigns of different brands. In light of the highly competitive and volatile environment, our success lies in part on factors such as, our ability to produce and offer products that appeal to consumers' tastes and preferences, consumers' income, perception, lifestyle and health awareness, and our ability to continue to distinguish our products from our competitors' ones. A change in any of these factors may result in reduced demand for our products, which may in turn, cause our sales volume, revenue and operating income to suffer. If we are unable to correctly anticipate changes in consumers' tastes and preferences and respond to consumption trend, such as by introducing new products that are in faster-growing and more profitable categories or reducing the production of our products in the categories experiencing declining consumption, the demand for our products may decrease. Also, developing and introducing new products can be risky and expensive, and we cannot assure you that our new products or flavours will gain market acceptance or meet the particular tastes or requirements of consumers. We also cannot assure you that we will be able to introduce new products that generate acceptable margins, which may affect our business, results of operations and financial condition. Furthermore, as a result of the improving living standards in Hong Kong and the PRC, consumers tend to have higher demand for healthy lifestyle and nutritious food. According to Frost & Sullivan, market players who modified recipes and/or launched product lines in response to the consumers' increasing health consciousness, including (i) launching non-oil-fried instant noodle products, (ii) adding more vegetable condiments in instant noodle products, (iii) using vegetarian soup base as a replacement of artificial flavours, (iv) launching reduced calories instant noodle products, (v) reducing sodium level; and (vi) reducing or removing monosodium glutamate (MSG) and/or artificial flavours in the instant noodle products, accounted for approximately half of the global instant noodle market in terms of retail sales value in 2016. The change in consumers' preferences including consumers' increasing health consciousness and awareness, particularly if we fail to capture such trend, may result in reduced demand of our instant noodle products, which may adversely affect our business and financial performance. In addition, due to the increased popularity of delivery and take away services in Hong Kong and the PRC, we are also facing competitions from other market players like restaurants, which can provide delivery or take away services.

In order to promptly respond to rapidly developing market and changing tastes, preferences and lifestyle of consumers, we continue to seek opportunities to leverage our strong brands and resources to acquire new brands and develop new products. Our sales and research and development teams also regularly observe the changing trends of consumers' tastes and preferences in our target markets and launch new products with different serving sizes and flavours from time to time. While we have in the past successfully developed, promoted and achieved market acceptance of our

RISK FACTORS

products, we cannot assure you that we will be able to continuously develop new products or our existing or new products in the future will continue to attract our gain sufficient consumer demand or market share to be profitable. Failure to recover development, production and marketing costs of unsuccessful new products may adversely affect our overall profitability. Additionally, trends and shifts in consumers' tastes and preferences may apply downward pressure on sales and pricing of our existing products or lead to increased levels of selling and advertising expenses. Any of these factors may have a material adverse impact on our business, results of operations and financial condition.

We rely on third-party distributors to place our products into the market and failure to maintain relationship with our existing distributors, attract new distributors or effectively manage our distributors may materially and adversely affect our business, results of operations and financial condition

We rely on third-party distributors which on-sell our products to sub-distributors, retailers and other customers. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, sales to our distributors accounted for approximately 83.9%, 85.9%, 87.6% and 77.9% of our total revenue for the same periods, respectively. As at 30 June 2017, we had 44 distributors in Hong Kong and 561 distributors in the PRC.

As we sell and distribute a significant portion of our products through distributors, certain events may cause fluctuations or decline in our revenue and may have an adverse effect on our business, results of operations and financial condition, for example reduction, delay or cancellation of orders from one or more of our distributors, our inability to timely renew distribution agreements and maintain relationship with our existing distributors, failure to establish relationship with new distributors on favourable terms, selection or increased sales by our distributors of our competitors' products, and our inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors.

We cannot assure you that we will not lose any of our distributors, which may cause us to lose some or all of our favourable arrangements with such distributors and may result in the termination of our relationship with other distributors. In addition, although we receive sales report from our distributors, we do not monitor their inventory directly and hence any overstocking may affect our future sales. Furthermore, we may not be able to successfully manage our distributors and the cost of any consolidation or further expansion of our sales and distribution network may exceed the revenue generated from these efforts. There can be no assurance that we will be successful in detecting and preventing any non-compliance by our distributors with the provisions of their distribution agreements. Non-compliance by our distributors may, among other things, negatively affect our brands, demand for our products and our relationship with other distributors. Furthermore, if the retail sales volumes of our products to consumers are not maintained at a satisfactory level or if distributor orders fail to track consumers' demand, our distributors may not place orders for new products from us, may decrease the quantity of their usual orders or may ask for discount on the purchase price. The occurrence of any of these factors may result in a significant decrease in the retail sales volume of our products and therefore adversely affect our business, results of operations and financial condition.

RISK FACTORS

We had a concentration of customers during the Track Record Period

During the Track Record Period, our top five customers accounted for approximately 65.9%, 65.5%, 63.7% and 58.8% of our revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, whereas our largest customer accounted for approximately 23.4%, 26.6%, 29.5% and 27.7% of our revenue for the same periods, respectively. These major customers may continue to account for similar or even higher proportions of our revenue in the future.

In light of the above, we face the risks associated with having a concentration of customers in the future. If any of our major customers reduces the number of orders placed with us significantly or end its business relationships with us, we cannot assure you that we would be able to find new customers to engage us on comparable terms, and our business, results of operations and financial condition may be materially and adversely affected. In the event of defaulting payments by any of our major customers, we may be unable to recover significant amounts of receivables and thus our business, results of operations and financial condition may be materially and adversely affected. Furthermore, our business performance is also affected by the business performance and developments of our major retailer customers in Hong Kong. If our major retailer customers' business performance in Hong Kong decline, it may lead to a corresponding decrease in sales of our products in supermarkets, hyperstores and convenience stores, and our business, results of operations and financial condition may be materially and adversely affected.

We are exposed to significant balances of trade receivables

We typically grant credit period up to 30 to 60 days to our major distributors and up to 105 days to our major retailers depending on their credit history, historical sales performance, business scale, points of sale and their business relationship with us. As at 31 December 2014, 2015, 2016 and 30 June 2017, our trade receivables amounted to approximately HK\$304.0 million, HK\$316.5 million, HK\$296.4 million and HK\$404.4 million, respectively. Our average turnover days of trade receivables were approximately 44, 43, 43 and 47 days for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Please refer to the section headed "Financial Information – Certain items of consolidated statements of financial position – Trade receivables" in this prospectus for more details.

As we currently have a concentration of customers, any failure to make payments by our key customers to us, or any dispute over or significant delays in receiving such payments from our customers, may require us to write off or make provision against our trade receivables, either of which may adversely affect our cash flows and profitability. Also, taking into account that we have been expanding in the PRC and may increase our sales to certain customers in the PRC that have been granted with credit period, should the credit worthiness of our customers deteriorate or should a number of our customers fail to settle their trade receivables in full for any reason, we may incur impairment losses. There is no assurance that we will be able to fully recover our trade receivables from our customers or that our trade receivables will be settled in a timely manner. In the event that the settlement from our customers are not made in full on a timely manner, our profitability, cash flow and financial condition may be materially and adversely affected.

RISK FACTORS

We have limited control over the practice and manner of the sales by sub-distributors

We sell a significant portion of our products through our distributors, and our distributors then on-sell our products to sub-distributors. Although we regularly assist our distributors to select and communicate with quality sub-distributors and monitor their sales in order to efficiently and effectively manage our sales and distribution network, due to the large number of sub-distributors, it is difficult for us to monitor in all aspects of sub-distributors' practices extensively and substantively.

We only enter into distribution agreements with our distributors and do not enter into distribution agreements or sales contracts with sub-distributors. Given that we have no contractual relationship with sub-distributors in terms of the purchase and sales of our products, any dispute that arises between our distributor and sub-distributor is beyond our control and may materially and adversely affect our business. Also, as we rely on our distributors to monitor their sub-distributors' sales performance and inventory level, and our control over the ultimate retail sales of our products is limited, we also cannot assure you that sub-distributors will at all times comply with our sales policies or that they will not compete with each other for market share in respect of our products. If any of the sub-distributors fails to distribute our products to their customers in a timely manner, any overstocking may affect our future sales, our brands and reputation and consumers' perception of our products may also be tarnished and our business, results of operations and financial condition may be materially and adversely affected.

In addition, there may be instances when the sub-distributors carry out actions which are inconsistent with our business strategy, such as, failing to follow the promotional plans as agreed by us and relevant distributors. These factors may hamper our sales, which may in turn, materially and adversely affect our business, results of operations and financial condition.

We consider the recipes of our products as important trade secrets and know-how, and our ability to compete may be harmed if any such trade secrets and know-how are disclosed to third parties

We rely on various know-how and proprietary information, including recipes for our instant noodle products and specifications of our machinery and production process, which constitute trade secrets and know-how. Only a few of our senior management have access to the whole recipes of our products. In addition, we have generally included confidentiality clause in the employment contract of our relevant personnel who have knowledge of our confidential information, and our employee handbook sets out the employee's obligation to keep confidential our trade secrets and know-how. We are entitled to terminate the employment of any employee who materially breaches his or her confidentiality obligations under his/her contract. Further, as we enter into various outsourcing and procurement arrangements with third-party contract manufacturers and/or suppliers to manufacture and/or supply a portion of instant noodle, frozen food and other food products under our and other brands, there may be a leakage of our trade secrets or production know-how. While we use reasonable efforts, including the foregoing measures, to protect our trade secrets and know-how, our employees, contractor manufacturers, suppliers or other advisers may unintentionally or wilfully disclose our trade secrets and know-how to our competitors. If our trade secrets and know-how are obtained by a competitor or another third party, we may lose our market share, and our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

Price increases or shortage of the commodities that we use for raw materials may adversely affect our profitability

Most of the raw materials used in our business are commodities, such as wheat flour and palm oil, may experience price volatility caused by external conditions, commodity market fluctuations, currency fluctuations, logistics and processing costs and changes in governmental regulations and policies. Domestic and international supply and demand dynamics change may also impact us as our raw materials are sourced locally for our production in the PRC and internationally for our production in Hong Kong. Unexpected commodity price increases may result in increases in the cost of our raw materials, and we may not be able to increase our product prices to offset such increased costs without suffering reduced retail sales volume, revenue and operating income. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, cost of our raw materials (including packaging materials) accounted for approximately 67.8%, 66.2%, 65.7% and 51.7% of our total cost of sales, respectively. Any significant increase in the cost of raw materials which we are unable to pass on to consumers may have a material adverse effect on our margins and overall profitability. We cannot assure you that the purchase prices of such raw materials will not increase significantly in the future. Further, we do not enter into long term contracts with our suppliers and thus there is no guarantee in relation to the supply volume and price. Currently, we have not hedged against changes in commodity prices, and we generally do not intend to enter into such hedges in the future. Please refer to the sections headed “Financial Information – Factors affecting our results of operation – Cost of raw materials” and “Industry Overview” in this prospectus for a discussion on the historical price volatility of our raw materials.

We generally maintain certain inventory level for our major raw materials and therefore it is critical to maintain a stable supply of major raw materials. Although we have more than one supplier for each of our major raw materials, we cannot ensure that any of our major suppliers or all of our suppliers for any particular raw materials are able or willing to meet our requirements, failing which we may suffer shortages or significant cost increases. Our raw material suppliers may also fail to meet our needs for various reasons, including fire, natural disasters, extreme weather, manufacturing problems, strikes, transportation interruptions, government regulations or political instability. A failure of supply may also occur due to suppliers’ financial difficulties, including bankruptcy. As changing raw material suppliers may require long lead time, we may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price. Continued supply disruptions may exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our consumers in a timely manner or at all, which may materially and adversely affect our business, results of operations and financial condition.

If we fail to effectively manage our inventories or estimate accurately the demand for our products, we may end up with significant excess inventories which may materially and adversely affect our business, results of operations and financial condition

As at 31 December 2014, 2015 and 2016 and 30 June 2017, our inventories amounted to approximately HK\$161.1 million, HK\$165.6 million, HK\$215.1 million and HK\$223.1 million, respectively, representing approximately 8.0%, 6.1%, 10.6% and 10.7% of our total current assets, respectively. For the details of our inventories, please refer to the section headed “Financial Information – Certain items of consolidated statements of financial position – Inventories” in this prospectus.

Although we actively monitor our inventory levels, we cannot assure you that we will not experience any slow movement of inventories, which may result from our reduced sales due to, for example, change of our distribution channels, change of marketing strategy by our major customers

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or incorrect estimation of the market demand for our products. As such, if fail to manage our inventories effectively or are unable to dispose of excess inventories, we may face a risk of inventory obsolescence and/or significant inventory write-downs, which may impose pressure on our operating cash flow, and materially and adversely affect our business, results of operations and financial condition.




We may be affected by parallel imports of the products of the Nissin Japan Group and counterfeiting and imitation of our products by third parties



Both the Nissin Japan Group and our Group are principally engaged in the manufacture and sales of instant noodles. While our Directors believe that there is clear and adequate delineation between the business of the Nissin Japan Group and that of our Group as we have separate geographical focuses, we note that there are potential parallel imports of the products of the Nissin Japan Group into Hong Kong or the PRC market. As we license certain trademarks and share the use of certain corporate and flagship product brands, such as “NISSIN (日清)” (NISSIN), “Cup Noodles (合味道)” (合味道) and “Demae Iccho (出前一丁)” (出前一丁), with the Nissin Japan Group, we cannot assure that the distributors/sub-distributors of the Nissin Japan Group or any third parties that are independent to our Group and the Nissin Japan Group would not on-sell/sell the products of the Nissin Japan Group under these brands to Hong Kong and the PRC markets. Actions by these distributors/sub-distributors of the Nissin Japan Group or these Independent Third Parties may cause parallel import of products which we have no direct control. Further, as the laws and regulations in relation to food safety vary in different jurisdictions, the products manufactured in Japan by the Nissin Japan Group may not comply with certain food safety regulations or suitable for consumers in other markets and/or jurisdictions. For example, in July 2017, the general administration of quality supervision, inspection and quarantine of the PRC inspected a batch of imported instant udon products manufactured by the Nissin Japan Group and alleged that the level of vitamin B1 and vitamin B2 contained in these products exceeded the national limit for food additives and requested these products to be destroyed or returned. Although to the best knowledge of our Directors, the food additives of this type of instant udon products comply with the relevant local regulations in Japan, such incident resulting from parallel import may damage our brand image and reputation and may even cause competition of sales to us, which in turn, may materially and adversely affect our business, results of operations and financial condition.

Furthermore, we market our products under our self-owned or licensed trademarks, which are among the most well-known food product brands for consumers in Hong Kong and the PRC, and are critical to our continued success and growth. As counterfeiting and imitation of popular branded products may occur from time to time in Hong Kong and the PRC, we cannot assure you that we will be able to promptly detect and prevent the presence of counterfeited products in the markets in which we operate. Occurrence of counterfeiting or imitation may impact our reputation and brands, which may lead to loss of consumers’ confidence, reduced sales or higher administrative costs in respect of detection and litigation. In addition, there can be no assurance that any of our intellectual properties will not be challenged, misappropriated or circumvented by third parties. Also, as the PRC’s legal regime governing intellectual properties is still evolving and the level of protection of intellectual property rights in the PRC may differ from those in other jurisdictions, this may result in a higher degree of uncertainty as to the interpretation and enforcement of the relevant laws and regulations, and may limit our legal protections. Litigation to protect intellectual property rights, in particular industrial know-how, may also be difficult, expensive and ineffective. Further, the counterfeit products may encounter food safety issues, which may in turn, have an adverse impact on our corporate brands and product brands.

RISK FACTORS

If the “NISSIN (日清)” () brand is harmed, our business may be materially and adversely affected

Originated from Nissin Japan, we sell and market a majority of our food product under the “NISSIN (日清)” () brand. Consumers’ recognition of the “NISSIN (日清)” () brand is critical to our continued success and growth. Nevertheless, the “NISSIN (日清)” () brand may be harmed by product defects, ineffective customer services, product liability claims, consumer complaints or negative publicity or media reports during the course of our business in Hong Kong and the PRC, or during the course of business of the Nissin Japan Group in other markets, which may materially and adversely affect the overall level of consumers’ recognition of, and trust in, us and our products.

Furthermore, as we are only licensing the “NISSIN (日清)” () brand and certain other relevant trademarks from the Nissin Japan Group, any failure to protect the “NISSIN (日清)” () brand by the Nissin Japan Group may reduce the value of goodwill associated with the brand and materially and adversely affect our business, results of operations and financial condition.

We may encounter difficulties in expanding our marketing efforts

During the Track Record Period, we regularly launched new promotional and marketing advertising initiatives, such as launching advertising campaigns on television channels, installing billboards in mass transit railway stations, setting up pop-up stores and engaging celebrities to promote our products. In 2016, we also established our first My Cup Noodles Factory and Demae Ichio Factory with the aim to promote our brands and connect with younger generation, children and family consumers in closer manner through direct and active experience with our brands and products. In order to maintain and increase our market share, we intend to continue to improve the recognition of our brands and product value proposition by investing in marketing and advertising initiatives and through product innovation. The success of our marketing, advertising and product innovation is, however, subject to risks, including uncertainties about trade and consumers’ acceptance. Competition and consumers’ pressures may also restrict our ability to increase prices. As a result, our business may suffer if profit margins decrease, either as a result of a reduction in prices or an increase in costs which we are unable to mitigate by increasing our prices proportionally. If that happens, our business, results of operations and financial condition may be materially and adversely affected.

We may be unable to effectively implement our future growth and expansion plans and strategies

Our future growth may result from establishing new production plants and facilities, developing new production lines, expanding our production capacities, introducing new products, or expanding our sales and distribution network in existing markets. Our ability to achieve growth will be subject to a range of factors, including our existing market share in a particular market, competition with existing companies in our target markets, the expansion of our sales and distribution network in existing markets or potential entry into new markets, our research and development capabilities, the hiring and training of qualified personnel, our ability to control our costs and maintain sufficient liquidity, our ability to prioritise our financial and management control in an efficient and effective manner, effective quality control, our ability to maintain our high food safety standards and strengthening of our existing relationship with our customers and suppliers.

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Further, we face increased risks when we enter into new markets, which may have different regulatory requirements, competitive conditions, consumer preferences and spending patterns from our existing markets. Consumers in new markets may be unfamiliar with our brands and products and we may need to build or increase brand awareness in the relevant markets by increasing investments in marketing and advertising activities. We may also find it more difficult in new markets to hire, train and retain qualified personnel who share our business philosophy and culture. In addition, we may have difficulty in finding quality distributors with efficient sales and distribution networks. As a result, any products we introduce in new markets may be more expensive to produce and/or distribute and may take longer to reach expected sales and profit levels than in our existing markets, which may affect the viabilities of these new operations or our overall profitability.

Additionally, our expansion plans and business growth may strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may materially and adversely affect our growth prospects.

Delays in delivery or poor handling by third-party logistics providers may affect our sales and our reputation




We rely mainly on third-party logistics providers to provide transportation services for the distribution of our products to our customers in the PRC. Delivery disruptions by our third-party logistics providers may occur for various reasons beyond our control, including transportation bottlenecks, earthquakes and other natural disasters, labour strikes and political events, and may lead to delayed or lost deliveries. In addition, poor handling by the third-party logistics providers may also cause damage to our products. If our products are not delivered to our customers on time, or are delivered damaged, for example tearing of the plastic wrapping or exposure to humidity or extreme heat affecting the quality of our products, we may have to pay compensation, lose business and cause harm to our reputation. Furthermore, our frozen food products have to be stored and transported at a temperature of -18 degree Celsius (°C) in accordance with industry standard. In case there is any default in the cooling facilities during transportation, our frozen food products may deteriorate and may not be fit for human consumption. As a result, delays or default in getting our products to market for any reason, including transportation disruptions, bad weather or default in cooling facilities during transportation, may result in reduced sales and materially and adversely affect our business, results of operations and financial condition.

We may not be able to protect our intellectual property rights and industrial know-how, and our ability to compete may be harmed if our intellectual property rights are infringed by or our industrial know-how is disclosed to third parties

We own various intellectual properties in Hong Kong and the PRC. As at the Latest Practicable Date, we had 15 and 18 material registered trademarks in Hong Kong and the PRC, respectively. Nissin Japan has granted us a non-exclusive license to use certain technology and trademarks under the Technology and Trademark Licencing Agreement. KOIKE-YA has also granted Nissin Koikeya Foods the right to use certain trademarks for our snack food products.

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Please refer to the sections headed “Business – Intellectual properties”, “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 5. Technology and Trademark Licencing Agreement” and “– 4. Marketing Services and Trademark Licencing Agreement” in this prospectus and “Statutory and General Information – B. Further information about the business of our Group – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further details on the intellectual property rights we own or are otherwise licensed. The trademarks licensed by Nissin Japan and KOIKE-YA to us are registered under the respective names of Nissin Japan and/or KOIKE-YA. We are unable to separately register such trademarks under our own name in the jurisdictions that we operate, and in the event that we are unable to continue to license the relevant trademarks from Nissin Japan and/or KOIKE-YA under the same or similar terms or at all, our business, results of operations and financial condition may be materially and adversely affected.

Further, to the best knowledge of our Directors based on the public record, since 1986, which was before our entrance to the PRC market, the trademark of “NISSIN(日清)” had been registered in the PRC by an Independent Third Party under Classes 29, 30, 32 and 42, covering beverage and various kinds of confectionery products, such as chocolate, biscuits, dairy products and nuts. Although beverage and confectionery products are currently not our key products to offer in the PRC, our right to manufacture and sell such products under the brand of “NISSIN(日清)” () in the PRC is therefore restrained. Currently, we subcontract the manufacturing of certain confectionery products to the Nissin Japan Group and sell the same in Hong Kong under our corporate brand of “NISSIN (日清)” (). In the future, we plan to sell our confectionery products in the PRC under our other product brands. However, any quality defects on the beverage and confectionery products sold under the brand of “NISSIN(日清)” () manufactured by this Independent Third Party may materially and adversely affect our reputation and corporate brand.

Third parties may assert or claim that we have infringed their intellectual property rights, which may adversely affect our production process and our business

Our competitors or other third parties may have intellectual property rights and interests which may potentially come into conflict with ours. We may incur costs in either defending or settling any intellectual property disputes alleging infringement. If any intellectual property claim against us is successful, we may not have a legal right to continue to develop, manufacture, use or sell products that are adjudicated to have infringed third parties’ intellectual property rights.

Intellectual property disputes or intellectual property litigation against us may significantly divert our management’s attention and other resources away from our business. We may be required to spend significant resources to develop non-infringement alternatives so that we do not infringe third parties’ intellectual property rights or we may be required to obtain relevant licences to avoid further infringements. We may not be successful in developing such alternatives or in obtaining such licence on reasonable terms or at all, which may adversely affect our production processes, and our business, results of operations and financial condition may be adversely affected.

We have certain business arrangements with the Nissin Japan Group, and failure to maintain such business arrangements may materially and adversely affect our business, results of operations and financial condition

During the Track Record Period, we had certain business arrangements with the Nissin Japan Group, such as sales and purchases of raw materials and outsourcing of finished goods, licencing of various trademarks, purchases of raw materials production equipment and parts, as well as

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managerial assistance and service sharing. All of these business arrangements were entered into on normal commercial terms and in our ordinary and usual course of business. For further details of our business arrangements with the Nissin Japan Group, please refer to the sections headed “Connected Transactions” and “Relationship with Controlling Shareholder” in this prospectus.

After Listing, we will continue such business arrangements with the Nissin Japan Group. There is no assurance that our business arrangements with the Nissin Japan Group will continue under the same or similar terms or at all. If any of our current business arrangements with the Nissin Japan Group is terminated, our business, results of operations and financial condition may be materially and adversely affected.

Our business may be affected by the enactment of the Competition Ordinance

The Competition Ordinance came into full effect in Hong Kong on 14 December 2015. It is a completely new area of regulatory control for Hong Kong and has attracted substantial concern from various industries. The Competition Ordinance prohibits and deters undertakings in all sectors from adopting anti-competitive conduct which has the object or effect of preventing, restricting or distorting competition in Hong Kong. The key prohibitions include (1) prohibition of agreements between businesses which have the object or effect of preventing, restricting or distorting competition in Hong Kong; and (2) prohibiting companies with market power, including monopolists, abusing their power. There are very severe penalties for breach of the Competition Ordinance, including financial penalties of up to 10.0% of the total gross revenue obtained in Hong Kong for each year of infringement, up to a maximum of three years in which the contravention occurs. For further details of the Competition Ordinance, please refer to the section headed “Laws and Regulations – Hong Kong – Competition Ordinance” in this prospectus.

We have a majority market share in the instant noodles market in Hong Kong. According to Frost and Sullivan, we were the largest instant noodle company in Hong Kong, accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. We may therefore be considered as a company with market power by the Competition Commission in Hong Kong. There is no assurance that our business will not be subject to the investigations or proceedings initiated by the Competition Commission in Hong Kong. If we face these claims, we may not be successful in defending these claims, and our business, results of operations and financial condition may also be materially and adversely affected.

Our business is seasonal

We experience seasonal fluctuations in our revenue and operating income for our products. We generally record higher revenue for our products during the holiday seasons, such as the Chinese New Year (around January and February) and the National Day of the PRC (around October), and also during the winter season as consumers tend to consume more hot food products. The seasonal nature of our products causes specific production lines to operate at levels approaching full capacity during certain times of the year. As a result of these fluctuations, sales and operating results for any particular period may not necessarily be indicative of our results for the full year or future periods. The seasonal nature of our products also affects the cash flows available to us. Any seasonal fluctuations reported in the future may not match the expectations of investors, which may cause the trading price of our Shares to fluctuate.

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Our third-party contract manufacturers' failure to adhere to quality measures and standards or failure to provide us with finished products on time may result in loss to us and may adversely affect our reputation and brands

We enter into various outsourcing arrangements with third-party contract manufacturers for a portion of our instant noodle, frozen food and other food products. For further details, please refer to the section headed “Business – Procurement and outsourcing – Outsourcing arrangement” in this prospectus. As at 30 June 2017, we had ten third-party contract manufacturers. Although we select our third-party contract manufacturers on the basis of a set of criteria, which primarily includes requiring our third-party contractor manufacturers to obtain all requisite production and operation licenses and permits, meet the relevant laws and regulations in relation to product hygiene and safety and pass our internal quality assessment on various factors, including quality control on raw materials, hygiene conditions, on-site inspection of production plants and financial stability, we cannot guarantee that our third-party contract manufacturers will consistently be able to manufacture our products in accordance with such measures and standards. Failure by third-party contract manufacturers to adhere to these quality control measures and standards or consistently produce to the specifications we set may damage our reputation and brand image and may lead to product liability claims or product recalls. Similarly, any failure on the part of our third-party contract manufacturers to provide us with finished products on a timely basis may adversely affect our sales if we are unable to obtain products from an alternate source.

We may continue to realise impairment losses for goodwill and intangible assets and impairment losses for property, plant and equipment

We acquired “Fuku (福)” (福) brand in 2012 to diversify our instant noodle product offerings. Nevertheless, we recognised an impairment loss of approximately HK\$21.2 million on the trademark of “Fuku (福)” (福) for the year ended 31 December 2014 based on our assessment of the market recognition and demand for this brand. Further, for the year ended 31 December 2016, we also recognised impairment losses of approximately HK\$29.3 million for property, plant and equipment as a result of us ceasing operation and closing down our Songjiang Production Plant in October 2016 and impairment losses of approximately HK\$13.6 million for property, plant and equipment as a result of the reduction in recoverable value of production machinery and equipment at Wintai Plant and Zhuhai Production Plant.

Although we have not made impairment loss on our goodwill and intangible assets since 2015, we cannot assure you that this will not happen in the future as we have been actively looking for diversified brands and products to add into our brand and product portfolio. Further, as we are a manufacturing company currently with nine operating production plants, we also cannot assure you that we will not need to make adjustment and/or impairment on our property, plant and equipment at these production plants from time to time, the occurrence of which may have a material and adverse effect on our business, results of operations and financial condition.

Anticipated benefits of mergers, acquisitions, joint ventures or strategic alliances may not be realised

As part of our strategy to diversify the portfolio of our products and brands and to increase our market share in Hong Kong and the PRC, we may, from time to time, merge with or acquire business or interests in business, including non-controlling interests, form joint ventures or create strategic alliances. For example, we acquired the entire equity interest of Winner Food over the

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years and entered into joint venture arrangement with KOIKE-YA in 2013 to develop and sell potato chip products in Hong Kong. We also acquired 51.0% equity interest of MCMS in March 2017 and began to distribute beverage, processed food and sauce products under a number of brands in Hong Kong and Macau through MCMS. Please refer to the section headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group” in this prospectus for more details.

We expect to evaluate potential strategic acquisitions of business or products with the potential of expanding our consumer base and revenue and widening our geographic coverage. Whether we realise the anticipated benefits from these transactions depends, in part, on the integration between the business involved, our correct assessment of assumed liabilities and the management of the relevant operations. We may not be able to successfully finance or integrate any newly acquired business or products and the integration may divert our management’s focus from our core business and result in disruption to our normal business operations. For example, our acquisition and later disposed of our entire equity interest in Jinmailang in 2015 was the primary cause of our decreased profit for the year ended 31 December 2015. Further, we cannot assure that the existing model of our business can create synergy effect to any of our newly acquired business. We may spend time and resources on such acquisitions that do not ultimately increase our profitability. To the extent the purchase in our leverage, and to the extent the purchase price is funded by cash, it may result in a reduction of our cash reserves and/or an increase in our leverage, and to the extent the purchase price is funded by equity, it may result in a dilution to our shareholder’s equity. Further, we may not be able to identify suitable acquisition targets or joint venture partners. For acquisition in the PRC, we may also be subject to regulatory restrictions such as foreign investment policy and anti-trust law when we expand our market share there. While we continue to evaluate potential acquisitions of business or products, as at the Latest Practicable Date, we had not identified any acquisition target and we had not, nor has anyone on our behalf, initiated any discussions, directly or indirectly, with respect to identifying any acquisition target.

Our future operating results may depend on our ability to maintain efficiency of production at our production plants

Due to the current constraints on areas of our production plants and optimal production speeds reached by our various production machinery and equipment, some of our production plants are reaching their designed production capacities. For example, the utilisation rate of our Nissin Plant and Zhuhai Production Plant, both being production plants for instant noodles, had reached utilisation rate of approximately 90.6%, 84.6% and 83.0% and 108.5%, 118.2% and 101.5% for the years ended 31 December 2014, 2015 and 2016, respectively, even though we had adjusted their production line allocation and/or operating hours and production speed. In order to meet the growing demand of our customers and support our future expansion in the PRC, we purchased a parcel of land in Xiamen, Fujian province in July 2014 and two parcels of land in Pinghu, Zhejiang province in May and August 2015, with a total land area of approximately 25,272 sq.m. and 50,000 sq.m., respectively. We have completed the construction of our Xiamen Production Plant and Pinghu Production Plant in 2015 and 2016, respectively, both for the production of our cup and bowl-type instant noodles, while our Pinghu Production Plant is still subject to final filing for its construction completion. We have also redesignated one of the production lines at our Shunde Production Plant to self-produce part of our potato chip products starting from June 2017. Further, we are currently in the process of upgrading and expanding our Nissin Plant in Hong Kong. For further details, please refer to the section headed “Business – Production – Our expansion plan” in this prospectus.

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We believe that our future operating results will depend upon our ability to maintain sufficient operations of our production plants. The utilisation rates of our production plants depend primarily on the demand for our products, the optimal production speed of the relevant noodle and frozen food machinery and equipment, and may also be affected by various other factors, such as skills of our employees, labour costs and operation of our production plants. There is no assurance that we will be able to maintain a comparable level of utilisation rates of our production plants in the future. If we are unable to maintain high utilisation rates of our production plants, or if we are not able to manufacture sufficient products to meet the orders of our customers, our business, results of operations and financial condition may be materially and adversely affected.

Our future expansion plan may not be successful as we have planned or such expansion plan may result in over-capacity or significant increases in depreciation, amortisation and operational expenses, which may materially and adversely affect our business, results of operations and financial condition

As part of our future growth strategy, we currently expect to incur additional HK\$458.5 million in capital expenditures through the year ending 31 December 2018 to continue to upgrade and expand our existing production plants in both Hong Kong and the PRC and construct new production plants and production lines. We intend to incur approximately HK\$126.5 million to complete the second phase of expansion of our Nissin Plant for production and warehouse, and incur approximately HK\$35.0 million to upgrade the existing production lines at our Wing On Plant to improve production efficiency. We also intend to incur approximately HK\$99.6 million to establish new production lines, purchase production machinery and equipment for packaging facilities and modification of existing production lines to manufacture both cup and bag-type instant noodles on the same production line at our Zhuhai Production Plant. We then plan to incur approximately HK\$35.0 million to upgrade the existing production lines at our Shunde Production Plant to improve production efficiency. Further, we also plan to incur approximately HK\$62.4 million on the general maintenance and improvement of current production plants and consider to incur approximately HK\$100.0 million to construct a new production plant for frozen food products in the PRC. Please refer to the sections headed “Business – Production – Our expansion plan”, “Financial Information – Capital expenditures – Planned capital expenditures” and “Future Plans and Use of Proceeds” in this prospectus for more details.

Significant capital investment and human resources will be required for the above expansion plan, which may exceed our original estimates. There is no assurance that the above expansion plan will be successfully implemented without delay or at all. Any delay or failure in implementing any part of these plans may result in a failure or delay to our growth and market expansion, which in turn, may materially and adversely affect our business, results of operations and financial condition.

Further, the above expansion plan may also result in significant increases in depreciation, amortisation and operational expenses arising from certain of our production machinery and equipment, and our revenue and profit may not increase in proportion to our increased production capacity and expansion. We also cannot assure you that the above expansion plan will not result in over-capacity due to unforeseeable changes in the market demands, which may in turn materially and adversely affect our business, results of operations and financial condition.

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We have not yet completed the filing for construction completion for our Dongguan Production Plant in the PRC, and we may be subject to fine or be requested to suspend the operation under the PRC laws and regulations

We commenced production at our Dongguan Production Plant in the second half of 2015 while we have not yet completed the filing for construction completion (建設工程竣工備案) for such production plant. This is primarily due to non-cooperation of a third-party construction contractor who refused to provide necessary documentation required for our filing. We have filed a lawsuit against this third-party construction contractor requiring them to transfer to us the files relating to the construction of our Dongguan Production Plant. The case is being trialled by Dongguan Municipality Second People's Court and is not closed yet. We will immediately apply for filing for construction completion upon the receipt of the required construction files after the closure of the case.

As advised by our PRC Legal Advisers, we may be requested to suspend our production and be subject to a fine of up to 2.0% to 4.0% of the contract value of our construction contract, which is estimated to be approximately RMB750,000 to RMB1.5 million, for production without completing the filing for construction completion. Nevertheless, our PRC Legal Advisers have interviewed with the Construction Quality and Supervision Department of Dongguan Dalang Town (東莞市大朗鎮建設工程質量監督站), in according to which, the likelihood of the government authority requesting us to suspend the production or imposing a fine on us is remote. Please refer to the section headed "Business – Legal proceedings and regulatory compliance – Dongguan Nissin" for more details in this prospectus. In the event that we are required to suspend our production and make significant penalty payments or incur other liabilities, our reputation, cash flows and results of operations may be adversely affected.

Our operations may be interrupted by production difficulties due to mechanical failures, utility shortages or stoppages, fire, acts of God or other calamities at or near our production plants

We rely on our production machinery and equipment to achieve mass production of our products. Any mechanical failures or breakdown may materially disrupt our production and cause us to incur additional costs to repair or replace the affected mechanical system. There is no assurance that we will not experience problems with our production machinery and equipment or that we will be able to address any such problems or obtain replacements in a timely manner. Problems with key production machinery and equipment at one or more of our production plants may affect our ability to produce our products or cause us to incur significant expense to repair or replace the affected production machinery or equipment. Any of these may have a material adverse effect on our business, results of operations and financial condition.

Furthermore, our production and operations depend on a continuous and adequate supply of utilities, such as electricity, water and gas. If there are any shortages of power, water, gas or other utilities, the Hong Kong or PRC authorities may require our production plants to be shut down periodically. Any disruption in the supply of electricity, water, gas or other utilities at our production plants may disrupt our production, and may cause deterioration or loss of our products. This may adversely affect our ability to fulfil our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition.

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In addition, our production plants and operations are subject to various risks. Fire, earthquakes, natural disasters, pandemic or extreme weather, including droughts, floods, excessive cold or heat, typhoons or other storms, causing power outages, gas or water shortages, damage to our production and processing facilities or disruption of transportation channels, among other events, may significantly interfere with our operations. Any failure to take adequate steps to mitigate the potential impact of unforeseeable events, or to effectively respond to such events, may adversely affect our business, results of operations and financial condition.

We may not be able to attract and retain our core management team and other key personnel for our operation

Our future business performance and prospect depend significantly on our Directors and senior management, as they are in charge of the overall planning of the development of our Group and the direction of our operations. If any of our Directors and/or any members of senior management were unable or unwilling to continue in their present position, we may not be able to find suitable replacements in a timely manner, at acceptable cost or at all. In addition, competition for qualified personnel in the PRC is intense and the availability of suitable candidates is limited. Failure to attract and retain our core key personnel may materially and adversely affect our results of operations and business prospects.

Our employees are subject to risks of serious injury caused by the use of production machinery and equipment

We use various production machinery and equipment at our production plants, which are potentially dangerous and may cause industrial accidents and personal injury to our employees. Any significant accident caused by the use of our production machinery and equipment may interrupt our production and result in legal and regulatory liabilities. Although we have purchased work-related injury insurance for our employees as well as employer's liability insurance in Hong Kong and maintained social insurance for our employees in the PRC, insurance coverage related to accidents resulting from the use of our production machinery and equipment may be inadequate to offset losses arising from claims related to such accidents. We cannot assure you that accidents will not happen in the future. In addition, potential industrial accidents leading to significant property loss or personal injury may subject us to claims and lawsuits, and we may be liable for medical expenses and other payments to the employees and their families as well as fines or penalties. As a result, our reputation, brands, business, results of operations and financial condition may be materially and adversely affected.

We may be exposed to claims by third parties which may cause us to pay significant damage awards and incur other costs

We are exposed to litigation and other legal proceedings that may arise from time to time in our ordinary courses of our business. Any of these proceedings is inherently unpredictable, and excessive verdicts do occur. Although we plan to defend our interests in any legal proceedings that arise in the ordinary course of our business, we could in future incur judgments or enter into settlements of claims, which may have an adverse effect on our business, results of operations and financial condition.

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As at the Latest Practicable Date, we were involved in a claim made against us, details of which are set out in the section headed “Business – Legal proceedings and regulatory compliance – Particulars of claims against our Company as at the Latest Practicable Date” in this prospectus. There is no assurance that the outcome of the proceedings would be favourable to us and we may have to incur expenditure in defending ourselves in the proceedings. In the circumstances where we are found liable and to make compensation, it may inevitably result in financial loss and damage to our reputation. In addition, there is also no assurance that we will not be involved in claims in respect of various matters from our customers, suppliers, distributors and other parties concerned with the sales of our products from time to time. Any of such claims may cause us to incur material costs or losses which may materially and adversely affect our business, results of operations and financial condition.

Our deferred tax assets and financial assets are subject to uncertainties of accounting estimates

Our deferred tax assets was approximately HK\$15.0 million, HK\$20.9 million, HK\$20.2 million and HK\$24.8 million as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively. Based on our accounting policies, deferred tax assets are generally recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Our management team will review the carrying amount of deferred tax assets at the end of each reporting period and will reduce the carrying amount of deferred tax assets if it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, if sufficient profits or taxable temporary differences are not expected to be generated, our deferred tax assets would be impaired.

RISKS RELATING TO THE FOOD INDUSTRY

The instant noodle markets in both Hong Kong and the PRC may face slower potential market growth

According to Frost & Sullivan, there was a decrease in both retail sales value and retail sales volume in the Hong Kong instant noodle market from 2014 to 2016 due to the slowdown in economic and income growth. The Hong Kong instant noodle market is expected to maintain a steady growth with a CAGR of approximately 1.5% in terms of retail sales value from 2016 to 2021.

The PRC instant noodle market is the largest instant noodle market in the world and is relatively mature. According to Frost & Sullivan, the PRC instant noodle industry experienced a negative growth in terms of retail sales value and retail sales volume during 2014 to 2016. The retail sales value of the PRC instant noodle market is expected to increase moderately at a CAGR of approximately 2.9% from 2016 to 2021.

Furthermore, according to Frost & Sullivan, instant noodle manufacturers in Hong Kong and the PRC face certain threats and challenges, such as the constantly changing demands of consumers and consumption upgrade, threats from substitutes and new market entrants as well as the stricter and tightening laws and regulations in relation to food safety.

In view of the above, we may face slower potential market growth and challenges of the overall instant noodle markets in Hong Kong and the PRC. Our expected future growth may not materialise and as a result, our business, results of operations and financial condition may be materially and adversely affected.

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The PRC instant noodle market in which we operate faces increasing competition from both domestic and foreign companies, which may affect our market share and results of operation

The instant noodle market in which we operate in the PRC is highly competitive, as we face competition from well-established foreign and domestic manufacturers. Some of our competitors may have greater financial, marketing, operational, research and development resources and other capabilities than we do. Our competitors in certain regional markets may also benefit from raw material sources or production plants that are closer to such markets or may benefit from their approach in integrating upstream and downstream production processes, which provides them with competitive advantages in terms of costs and proximity to consumers. Our ability to compete is, to a significant extent, dependent on our ability to distinguish our products from those of our competitors by providing high quality products at reasonable prices that appeal to consumers' tastes and preferences.

We cannot assure you that our current or potential competitors will not provide products superior to those we provide or adapt more quickly to evolving industry trends or changing consumer preferences than we do. It is also possible that there will be further consolidation and building of alliances in the market in which we operate among our competitors, which may rapidly acquire significant market share. Furthermore, our competitors may significantly increase their advertising expenditures and promotional activities or may engage in irrational or predatory pricing behaviour, which may result in price reductions, reduced margins and loss of market share, any of which may materially and adversely affect our business, results of operations and financial condition.

Food hygiene and safety laws of Hong Kong and the PRC may become more onerous, and there may also be changes in the regulatory environment of Hong Kong and the PRC, which may adversely affect our operations and financial performance and lead to an increase in our costs which we may be unable to pass on to consumers

As a manufacturer of products intended for human consumption, we are subject to extensive governmental laws and regulations in relation to food hygiene and safety in Hong Kong, the PRC and other countries to which we distribute our products. For example, the PRC food safety laws require all enterprises engaged in the production of food products to obtain food production licence (食品生產許可證) for each of their production plants. We are also subject to laws and regulations with respect to product consumption, packaging and labelling.

Failure to comply with food hygiene and safety laws in Hong Kong, the PRC or other jurisdictions in which we distribute our products may result in fines, suspension of operations, loss of food production licenses and, in more extreme cases, criminal proceedings against us and our management. Any of these events will have an adverse impact on our production, business, results or operations and financial condition.

We cannot assure that in the future the relevant hygiene and safety laws and regulations of Hong Kong, the PRC or other jurisdictions will not become more onerous, providing for stricter and more comprehensive monitoring and regulation of food manufacturers in areas including, but not limited to, food production and distribution, which may lead to an increase in our costs of complying with such laws and regulations.

Further, there may be changes in the regulatory environment of Hong Kong and the PRC that may affect us. Depending on the priorities determined by the Hong Kong or the PRC government or the political climate at any given time, there may be future legislative changes that may require

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us to make changes to our business practices which may take time to implement. Implementing any such changes may result in substantial costs and the diversion of resources and management attention, which may materially and adversely affect our business, results of operations and financial condition.

We are required to maintain various licences and permits for our business operation, and failure to obtain and renew any of these licences and permits may adversely affect our business

In accordance with the Hong Kong and the PRC laws and regulations, we are required to obtain and maintain various licenses and permits in order to commence and operate our business at each of our production plants including, without limitation, in Hong Kong, the food factory licence (食物製造廠牌照) and in the PRC, the food production licence (食品生產許可證) (also formerly known as the production licence for industrial products (全國工業產品生產許可證)). We are also required to comply with applicable PRC health and hygiene and production safety standards in relation to our production processes. Our production plants and facilities used are subject to regular inspections by the regulatory authorities for compliance with the relevant laws and regulations in the PRC including Food Safety Law of the PRC (中華人民共和國食品安全法) and measures for the Administration of Food Production Licencing (食品生產許可管理辦法). Failure to pass these inspections, or the loss of or failure to obtain or renew our licenses and permits when expired, may require us to temporarily or permanently suspend some or all of our production activities, which may disrupt our operations and materially adversely affect our business, results of operations and financial condition.

We are subject to environmental regulations and may be exposed to liability and potential costs for environmental compliance

Our operations are subject to national, provincial and local environmental laws, rules and regulations which, among other things, require manufacturers to conduct an environmental impact assessment before engaging in new construction projects, pay fees in connection with activities that discharge waste materials, properly manage and dispose of hazardous substances, and impose fines and other penalties on activities that threaten the environment. Any violation of these regulations may result in fines, criminal sanctions, revocation of operating permits, shutdown of our production plants and obligation to take corrective measures. There is no assurance that we will not incur future obligations or material liabilities relating to environmental laws and regulations.

Further, the government may adopt more stringent environmental regulations and there is no assurance that we will be in full compliance with these regulatory requirements at all times. Due to the possibility of unanticipated regulatory developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any unanticipated change in environmental regulation, we may be required to incur additional capital expenditures to, among other things, install, replace, upgrade or supplement our equipment relating to pollution control and the use, storage, handling and disposal of hazardous materials and chemicals, or make operational changes to limit any adverse impact or potential adverse impact on the environment in order to comply with new environmental protection laws and regulations. If such costs become prohibitively expensive, we may be forced to modify, curtail or cease certain aspects of our business operations.

RISK FACTORS

RISK RELATING TO CONDUCTING BUSINESS IN THE PRC

Our business may be affected by the political tension between the PRC and Japan

Future political development or political change in the PRC and/or Japan may lead to changes in the PRC and/or Japanese foreign policies that could affect the relationship between the PRC and Japan. The relationship between the PRC and Japan has at times been strained due to territorial disputes, historical animosities and defence concerns. For instance, the territorial dispute between the PRC and Japan on Diaoyu Islands led to large scale boycotts of the products relating to Japan in the PRC.

While we manufacture and sell our products under our flagship and well-established brands “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (公仔點心) and “Fuku (福)” (福) which are owned, registered and used by us in Hong Kong and the PRC with long history, we also manufacture and sell a majority of our products under “Cup Noodles (合味道)” (合味道) and “Demae Iccho (出前一丁)” (出前一丁), which are broadly grouped under the “NISSIN (日清)” (NISSIN) corporate brand, and given our close relationship with the Nissin Japan Group, persisting anti-Japanese sentiment may result in a drop in demand for our products in the PRC. In extreme cases, anti-Japan sentiment in the PRC may result in public protests and our production plants in the PRC may become the targets of attack in these protests. These attacks may damage our production plants and disrupt our operations. While such cases are considered extreme, we have formulated certain contingency measures that may be implemented if such extreme cases occur. Our key contingency measures include strengthening our security system and enhancing security force at our production plants which may help to ensure our normal manufacturing operations in the PRC. Where necessary and feasible, we may divert our production at the affected production line(s) to our production plants in Hong Kong and/or other unaffected production plants in the PRC. However, we cannot assure you that our unaffected production plants or lines at the relevant time will be able to meet the production need of our Group. Our further contingency measures that may be adopted in response to possible decrease in sales of our products in the PRC include enhancing the sales of our products which are manufactured and marketed under our “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (公仔點心) and “Fuku (福)” (福) brands owned, registered and used by us in Hong Kong and the PRC as well as expanding our sales to the overseas countries through the distribution channels we have already established. We cannot assure you that our contingency measures can be implemented effectively or at all if the situation becomes extreme and our business, results of operation and financial condition may be materially and adversely affected.

Changes in economic, political, legal and social developments and conditions in the PRC and policies adopted by the PRC government may adversely affect our business, financial condition, results of operations and prospects

A significant portion of our operating assets are located in the PRC and a significant portion of our sales are derived from our business activities in the PRC. Our business, results of operations and financial condition are subject, to a significant degree, to economic, political, legal and social developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many aspects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange. The PRC economy has traditionally been centrally planned. Since 1978, the PRC government has been promoting reforms of its economic and political systems. These reforms have brought about marked economic growth

RISK FACTORS

and social progress in the PRC, and the economy of the PRC has shifted gradually from a planned economy towards a market-oriented economy. However, there is no assurance that the PRC government will continue to pursue economic reforms. The PRC government exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies. Also, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. In addition, while the PRC economy has experienced significant growth in the last three decades, growth has been uneven across both geographic regions and the various sectors of the economy. Our business, results of operation and financial condition may be adversely affected by the PRC government's political, economic and social policies, tax regulations or policies, and regulations affecting the PRC food industry.

Our financial statements are subject to currency fluctuation on translation

Our consolidated financial statements are prepared in HK dollars. In connection with the preparing of our consolidated financial statements, the results and financial position of our PRC subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. Fluctuations in the value of these exchange rates may impact our consolidated results of operations and, depending on the magnitude of these fluctuations, could obscure the underlying trends that would have been apparent if our consolidated financial statements had been prepared on a constant currency basis. For further details, please refer to the section headed "Financial Information – Factors affecting our results of operations – Foreign exchange."

We cannot predict how the Renminbi will fluctuate against the HK dollar in the future, and currency translation or exchange differences may impact our consolidated results of operations. We cannot assure you that significant appreciation or depreciation of the Renminbi against the HK dollar will not occur.

We are exposed to foreign exchange rate fluctuations

Our revenue is denominated in a number of currencies, including HK dollar and RMB, and we are exposed to foreign exchange rate risk. Changes in exchange rates between HK dollar and RMB, and between HK dollar and US dollar may be reflected in our financial results. We cannot predict future exchange rate fluctuations and such fluctuations may materially and adversely affect our business, financial condition and results of operations.

Although the exchange rate between HK dollar and US dollar has been pegged (i.e. the exchange rate is only permitted to fluctuate within a narrow band) since 1983, we cannot assure you that the HK dollar will remain pegged to US dollar. If the pegging system between HK dollar and US dollar is changed or terminated due to any reason whatsoever, this may pose extra uncertainty on our business, financial condition and results of operations.

Furthermore, the value of RMB has been under pressure of appreciation in recent years. Due to international pressures on the PRC to allow more flexible exchange rates for the RMB, the economic situation and financial market developments in the PRC and abroad and the balance of payments situation in the PRC, the PRC government has decided to proceed further with reform of the RMB exchange rate regime and to enhance the RMB exchange flexibility.

RISK FACTORS

Any appreciation or depreciation in the value of the RMB or other foreign currencies that our operations are exposed to will affect our business in different ways. For example, any appreciation in the US dollar against RMB may cause a rise in prices of consumer goods which may in turn dampen consumers' spending and adversely affect our sales and profit. In addition, changes in foreign exchange rates may have an impact on the value of, and any dividends payable on, the Shares in HK dollar. In such events, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Government control of currency conversion may adversely affect the value of your investments

A significant portion of our revenue is denominated in RMB. RMB is currently not a freely convertible currency. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on declared dividends, if any, on our Shares. Under existing foreign exchange regulations of the PRC, following the completion of this Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements.

However, if the PRC government were to impose restrictions on access to foreign currencies for current account transactions at its discretion, we might not be able to pay dividends to the holders of our Shares in foreign currencies. On the other hand, most of the foreign exchange transactions under capital accounts in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations may affect our ability to obtain foreign currencies through equity financing or to obtain foreign currencies for capital expenditures.

Furthermore, the net proceeds from the Global Offering are expected to be deposited in currencies other than RMB until we obtain necessary approvals from relevant PRC regulatory authorities to convert these proceeds into onshore RMB. If the net proceeds cannot be converted into onshore RMB in a timely manner, our ability to deploy these proceeds efficiently may be affected as we will not be able to invest these proceeds on RMB-denominated assets onshore or deploy them in uses onshore where RMB is required, which may adversely affect our business, results of operations and financial condition.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in the PRC may have an adverse effect on our business, financial condition and results of operations

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics, including but not limited to those caused by avian influenza or swine influenza, may restrict business activities in the areas affected and adversely affect our business financial condition and results of operations. For example, in 2009 and 2013, there were reports of the occurrence of two types of avian influenza in certain regions of the worlds, including the PRC, where we operate our business. Moreover, the PRC has experienced natural disasters like earthquakes, flood and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics, or the measures taken by the PRC government or other countries in response to such disasters and epidemics, will not seriously disrupt our operations or those of our distributors, which may have an adverse effect on our business, results of operations and financial condition.

RISK FACTORS

The PRC legal system is not fully developed and has inherent uncertainties that may limit the legal protections available to our shareholders

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited number of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties.

As an investor holding our Shares, you hold an indirect interest in our operations in the PRC through our Company. Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and these regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, are less developed than those applicable to companies incorporated in Hong Kong and other developed countries or regions. Therefore, you may not enjoy those shareholder protections that are available in more developed jurisdictions.

Sales between our Hong Kong subsidiaries, our PRC subsidiaries and/or the Nissin Japan Group are related party transactions which may be subject to scrutiny by the relevant tax authorities. Any additional taxes or penalties impose on us as a result of such scrutiny may affect our business and performance

In the ordinary course of our business, we enter into various transactions with the Nissin Japan Group, such as, procurement of certain raw materials from and/or sales of certain finished products to the Nissin Japan Group. Our Hong Kong subsidiaries also enter into various transactions with our PRC subsidiaries, such as procurement of packaging materials from our Dongguan Nissin and sales of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products manufactured in Hong Kong to our PRC subsidiaries. Such transactions constitute related party transactions and shall be conducted on an arm's length basis, and may be subject to audit or scrutiny by the relevant tax authorities. If the relevant tax authorities determine that these related party transactions have not been conducted on an arm's length basis, they may adjust the taxable income of our Hong Kong subsidiaries and PRC subsidiaries through a transfer pricing adjustment and impose additional taxes (together with applicable interest) on us, as well as penalties for under-reporting of taxable income.

We believe that the transactions between our Hong Kong subsidiaries, our PRC subsidiaries and/or the Nissin Japan Group have been conducted on an arms' length basis. We have reported the relevant transactions to the relevant PRC tax authorities during the Track Record Period in accordance with the relevant PRC laws and regulations, and such tax authorities have not raised any objections or imposed any additional taxes or penalties with respect to such transactions. However, there is no guarantee that the relevant tax authorities will not audit such past transactions or raise objections with respect to the pricing terms of such transactions in the future. If the relevant tax authorities conclude that related party transactions between our Hong Kong subsidiaries, our PRC subsidiaries and/or the Nissin Japan Group have not been conducted on an arms' length basis, we may be subject to additional taxes and penalties which may have an adverse effect on our business, results of operations and financial condition.

RISK FACTORS

RISK RELATING TO THE GLOBAL OFFERING AND OUR SHARES

The price and trading volume of our Shares may be volatile, which may result in substantial losses for investors purchasing our Shares in the Global Offering

Factors such as fluctuations in our sales, earnings, cash flows, new investments, acquisitions or alliances, regulatory developments, additions or departures of key personnel, or actions taken by competitors may cause the market price of our Shares or trading volume of our Shares to change substantially and/or unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance or condition of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may adversely affect the prices of our Shares, and as a result investors in our Shares may incur substantial losses.

There has been no prior public market in Hong Kong for our Shares and their liquidity and market price may be volatile

Prior to the Global Offering, no public market existed for our Shares. The initial Offer Price range to the public for our Shares is the result of negotiations between us and the Sole Global Coordinator (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. There is no assurance that an active trading market for our Shares will develop following the Global Offering or, if it does develop, that it will be sustained or that the market price for our Shares will not drop below the initial Offer Price.

Our Controlling Shareholder has substantial influence over us and the Controlling Shareholder's interests may not be aligned with the interests of our other Shareholders

Immediately after the Listing, our Controlling Shareholder will beneficially own in total 73.89% of our issued Shares taking no account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option. Our Controlling Shareholder will be in a position to exert significant influence over our affairs, and will be able to significantly influence the outcome of any Shareholders' resolution, irrespective of how other Shareholders may vote. The interests of our Controlling Shareholder may not necessarily be aligned with those of our independent Shareholders. Our Controlling Shareholder may cause us to take actions that are not in the interests of us or our other Shareholders. In the event that the interests of our Controlling Shareholder conflict with those of our other Shareholders, or if our Controlling Shareholder chooses to cause us to pursue objectives that may conflict with the interests of our other Shareholders, such other Shareholders may be left in a disadvantageous position by such actions caused by our Controlling Shareholder.

Future sale or major divestment of Shares by our Controlling Shareholder may materially and adversely affect the prevailing market price of our Shares

Our Shares held by our Controlling Shareholder are subject to certain lock-up periods, the details of which are set out in the section headed "Underwriting" in this prospectus. However, there is no assurance that after the restrictions of the lock-up periods expire, our Controlling Shareholder will not dispose of any Shares. Sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

RISK FACTORS

Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

Potential investors will pay a price per share that substantially exceeds the per share value of the Company's tangible assets after subtracting the Company's total liabilities and will therefore experience immediate dilution when potential purchases of the Shares offered in the Global Offering. As a result, if the Company is to distribute its net tangible assets to the Shareholders immediately following the Global Offering, potential investors may receive less than the amount they paid for their Shares.

We may need to raise additional funds in the future to finance further expansion or new developments relating to our existing operations. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

Certain facts and statistics derived from government sources contained in this prospectus may not be reliable

We have derived certain facts and other statistics in the prospectus, particular those relating to Hong Kong, the PRC, Hong Kong economy, the PRC economy, the Hong Kong and PRC instant noodle industries and the Hong Kong frozen food industry in which we operate, from information provided by government agencies, industry associations, independent research institutes or other third-party sources that we believe to be reliable. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sole Global Coordinator, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled in or outside Hong Kong and the PRC. The facts forecasts and other statistics include the facts forecasts and statistics included in the sections headed "Risk Factors", "Industry Overview" and "Business" in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to, or place on, such facts or statistics.

RISK FACTORS

Forward-looking statements contained in this prospectus are subject to risks and Uncertainties

This prospectus contains certain statements that are “forward-looking” and uses forward looking terminology such as “anticipate”, “believe”, “expect”, “intend”, “may”, “ought to”, “should” or “will”. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Purchasers of our Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions may prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions may also be incorrect, and actual results may diverge significantly from such forward-looking statements. The risks and uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans and objectives will be achieved. We do not intend to update these forward looking statements in addition to our ongoing disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

You should only rely on the information included in this prospectus and the documents issued by our Company to make your investment decision and should not rely on any particular statements in other published announcements, news reports and/or research analyst reports relating to our Controlling Shareholder, our Group and the Global Offering

Prior to the publication of this prospectus, subsequent to the date of this prospectus and after the Listing, there have been, and there may continue to be announcements, press and media coverage and research analyst reports regarding Nissin Japan and its subsidiaries (including our Group) and the Global Offering, which may include certain historical and forward-looking financial information under JGAAP about the Nissin Japan Group, including its business and operations in Hong Kong and the PRC, which is operated by our Group.

We are not expected to endorse or participate in the disclosure of any such information. We do not accept any responsibility for any such announcements, press and media coverage or research analyst coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. If any such information appearing in publications other than this prospectus or the documents issued by us is inconsistent or conflicts with the information contained in this prospectus, we disclaim it.

You should only rely on the information included in this prospectus and the documents issued by our Company in making your investment decision and should not rely on any other information. Your attention is drawn to the sections headed “Disclosure by the Controlling Shareholder” and “Relationship with our Controlling Shareholder – Financial reporting and disclosure by Nissin Japan” of this prospectus for further details.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Group under the Listing Rules following completion of the Global Offering. We have applied for and the Stock Exchange has granted a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under the Listing Rules for such non-exempt continuing connected transactions. For details of our continuing connected transactions and the waiver, please refer to the section headed “Connected Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, Chapter 571V of the Laws of Hong Kong and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Hong Kong Public Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective Directors, officers, agents, employees or advisers or any other party involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement. The International Underwriting Agreement is expected to be entered into on or about Monday, 4 December 2017. The Hong Kong Public Offering and the International Offering are subject to the agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. For details of the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

Each person acquiring the Hong Kong Offer Shares will be required to, or be deemed by his/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Hong Kong Offer Shares described in this prospectus and that he/she is not acquiring, and has not been offered, any Hong Kong Offer Shares in circumstances that contravene any such restrictions.

No action has been taken in any jurisdiction other than Hong Kong to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and the Offer Shares (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in our Shares on the Stock Exchange are expected to commence on or around Monday, 11 December 2017.

None of our Shares or loan capital are listed on or dealt in any other exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for our Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective Directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

Dealings in our Shares registered on the register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB have been translated, for the purpose of illustration only, into HK\$, and vice versa, in this prospectus at the rate of HK\$1.00 to RMB0.8495, being the PBOC rate prevailing on the Latest Practicable Date. No representation is made that any amounts in HK\$ and RMB can be or could have been at the relevant date converted at the above rate or any other rates or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons, companies, other entities or product names included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Kiyotaka Ando (安藤清隆)	Flat B, 7/F., South Tower 8 Residence Bel-Air Island South 38 Bel-Air Avenue Hong Kong	Japanese
Mr. Shinji Tatsutani (辰谷真次)	Flat A, 16/F., Tower 2 The Harbour Side No.1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong	Japanese
Mr. Munehiko Ono (小野宗彦)	Flat E, 17/F. Kwun Tien Mansion Taikoo Shing Hong Kong	Japanese
Mr. Yoshihide Semimaru (蟬丸義秀)	Flat B, 48/F. Tower 2, Les Saisons No.28 Tai On Street Hong Kong	Japanese
Mr. Hijiri Fukuoka (福岡聖)	Flat 4104 No. 6 Xingsheng Lu Tianhe District Guangzhou Guangdong Province PRC	Japanese
<i>Non-executive Director</i>		
Mr. Tong Ching Hsi (董焜熙)	12/F, No.58 Tianyu Street Shilin District Taipei Taiwan	Taiwanese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Independent non-executive

Directors

Dr. Sumio Matsumoto (松本純夫)	2-2-2 Mita, Meguro-ku Tokyo Japan	Japanese
Mr. Junichi Honda (本多潤一)	Muroichi Building 1-13-4, Nihonbashi-muromachi Chuo-ku Tokyo Japan	Japanese
Professor Lynne Yukie Nakano	Flat A, 3/F Residence 11 Chinese University of Hong Kong Shatin Hong Kong	American

Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further information on our Directors.

PARTIES INVOLVED

Sole Sponsor	Nomura International (Hong Kong) Limited 30/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Sole Global Coordinator	Nomura International (Hong Kong) Limited 30/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	Nomura International (Hong Kong) Limited 30/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	Mizuho Securities Asia Limited 14-15/F, K11 Atelier 18 Salisbury Road Tsim Sha Tsui, Kowloon Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal advisers to our Company

As to Hong Kong law:

CFN lawyers in association with Broad & Bright

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Wanchai
Hong Kong

As to PRC law:

Broad & Bright Law Firm (世澤律師事務所)

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PRC

As to Japanese law:

Anderson Mori & Tomotsune

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2-7, Motoakasaka 1-chome
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Japan

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As to Hong Kong law:

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PRC

Auditors and reporting accountants

Deloitte Touche Tohmatsu

Certified Public Accountants
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Receiving banker

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Hong Kong

CORPORATE INFORMATION

Registered address	21-23 Dai Shing Street Tai Po Industrial Estate Tai Po New Territories Hong Kong
Headquarters and principal place of business in Hong Kong	11-13 Dai Shun Street Tai Po Industrial Estate Tai Po New Territories Hong Kong
Website address	www.nissingroup.com.hk (<i>information on the website does not form part of this prospectus</i>)
Company secretary	Mr. Lo Tai On, CPA 26C, Tower 6, Laguna Verde Villa Verde, Hunghom, Kowloon Hong Kong
Authorised representatives	Mr. Shinji Tatsutani Flat A, 16/F, Tower 2 The Harbour Side No. 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong Mr. Lo Tai On, CPA 26C, Tower 6, Laguna Verde Villa Verde, Hunghom, Kowloon Hong Kong
Audit committee	Mr. Junichi Honda (<i>Chairman</i>) Dr. Sumio Matsumoto Professor Lynne Yukie Nakano
Remuneration committee	Mr. Junichi Honda (<i>Chairman</i>) Mr. Kiyotaka Ando Dr. Sumio Matsumoto
Nomination committee	Mr. Kiyotaka Ando (<i>Chairman</i>) Dr. Sumio Matsumoto Mr. Junichi Honda
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

CORPORATE INFORMATION

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The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Hong Kong Branch
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1 Connaught Road, Central
Hong Kong

INDUSTRY OVERVIEW

This section contains information and statistics relating to Hong Kong and the PRC economy and the industry in which we operate. We have derived such information and data partly from publicly available government and other third-party sources, which have not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters or any of our or their respective directors, officers, representatives or affiliates, or any other party involved in the Global Offering. Our Directors have taken reasonable care in the reproduction of such information, which may not be consistent with other information compiled within or outside Hong Kong and the PRC. We commissioned Frost & Sullivan, an independent market research firm, as an industry consultant to prepare an industry research report (the “Frost & Sullivan Report”). We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading.

Unless otherwise specified, the market and industry information and data set out in this section and elsewhere in this prospectus has been derived from the Frost & Sullivan Report.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct analysis of the instant noodle markets in Hong Kong and the PRC, the frozen dim sum market in Hong Kong and other economic data to prepare the Frost & Sullivan Report. We have agreed to pay a fee of approximately RMB1.3 million for the Frost & Sullivan Report, which will be paid prior to the Listing. Our Directors are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report. Frost & Sullivan is an independent global market research and consulting firm founded in 1961 and based in the United States. It offers industry research and market strategies and provides growth consulting and corporate training. The Frost & Sullivan Report includes both historical and forecast information on the instant noodle markets in Hong Kong and the PRC and the frozen dim sum market in Hong Kong and other economic data. To prepare the Frost & Sullivan Report, Frost & Sullivan undertook both primary and secondary independent research through various resources within the instant noodle markets in Hong Kong and the PRC and the frozen dim sum market in Hong Kong. Primary research involved interviewing leading industry participants and experts. Secondary research involved reviewing company reports, independent research reports and data in Frost & Sullivan’s own research database. Frost & Sullivan has adopted the following primary assumptions while compiling and preparing the Frost & Sullivan Report: (i) the social, economic and political environment in Hong Kong and the PRC is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the markets in the forecast period. As far as our Directors are aware, there have not been any material adverse changes to the market information set out in the Frost & Sullivan Report since the date of such report.

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INSTANT NOODLE MARKETS IN HONG KONG AND THE PRC

An introduction to instant noodles

Instant noodles are pre-cooked and usually dried noodle blocks that are primarily made from wheat flour or rice flour, and can be consumed after being cooked or soaked in boiling water for three to five minutes. The world's first instant noodles were invented by Mr. Momofuku Ando (安藤百福), the founder of the Nissin Japan Group, in 1958. Instant noodles are primarily divided by packaged type into the following categories: (i) cup and bowl-type instant noodles, which are packaged and sold in cup, foam bowls or paper food containers and can be consumed directly from the containers. The world's first cup-type instant noodles were launched by Nissin Japan in 1971; and (ii) bag-type instant noodles, which are packaged and sold in laminated bags that also contain separate servings of flavouring powders and/or seasoning, and need to be consumed with additional utensil. Instant noodles are generally divided by product quality and price into the following categories: (i) premium instant noodles, which refer to high quality instant noodles with price equal to or higher than HK\$6.0/RMB5.0 per serving; and (ii) mass instant noodles, which refer to instant noodles with price of lower than HK\$6.0/RMB5.0 per serving.

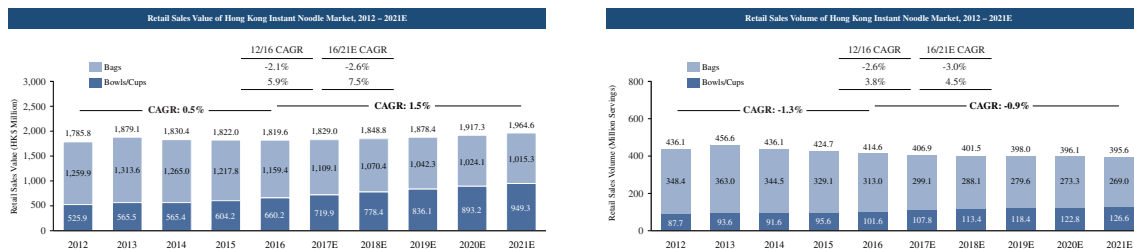
Overview of the instant noodle markets in Hong Kong and the PRC

Overview of the Hong Kong instant noodle market

Instant noodles have become increasingly prevalent in Hong Kong for its convenience, portability and storability. In terms of retail sales value and retail sales volume, the Hong Kong instant noodle market has witnessed a steady growth from 2012 to 2013. However, the per capita consumption of instant noodles in Hong Kong declined since 2014 due to various reasons, including rising health awareness and decline of tourists in Hong Kong. The retail sales value of the instant noodle market in Hong Kong reached approximately HK\$1,819.6 million in 2016, with a CAGR of approximately 0.5% from 2012 to 2016, whereas the retail sales volume in Hong Kong instant noodle market decreased from approximately 436.1 million servings in 2012 to approximately 414.6 million servings in 2016, representing a CAGR of approximately -1.3%. According to Frost & Sullivan, the growth of the Hong Kong instant noodle market is expected to recover and keep a steady increase in terms of retail sales value and to decrease slightly in terms of retail sales volume. It is estimated that the retail sales value of the Hong Kong instant noodle market will reach approximately HK\$1,964.6 million in 2021, representing a CAGR of approximately 1.5% from 2016 to 2021.

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The following charts illustrate the historical and projected Hong Kong instant noodle market in terms of retail sales value and retail sales volume from 2012 to 2021:

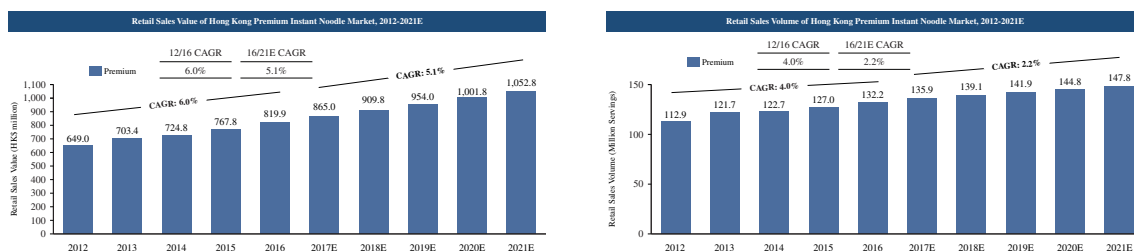


Source: Frost & Sullivan

Overview of the Hong Kong premium instant noodle market

As a result of the consumption upgrade of consumers, product innovation promoted by instant noodle manufactures and consumers' increasing demand for instant noodles with better quality in Hong Kong, the retail sales value and retail sales volume of the Hong Kong premium instant noodle market increased much faster than that of the Hong Kong mass instant noodle market at a CAGR of approximately 6.0% and 4.0% from 2012 to 2016, respectively and reached approximately HK\$819.9 million and 132.2 million servings in 2016, respectively. The retail sales value of the Hong Kong premium instant noodle market is estimated to reach approximately HK\$1,052.8 million in 2021, representing a CAGR of approximately 5.1% from 2016 to 2021. According to Frost & Sullivan, the majority of premium instant noodles are cup and bowl-type instant noodles. With the development of the Hong Kong premium instant noodle market, the Hong Kong cup and bowl-type instant noodle market also embraced a growth. In 2016, the retail sales value and retail sales volume of the Hong Kong cup and bowl-type instant noodle market reached approximately HK\$660.2 million and 101.6 million servings, accounted for approximately 36.3% and 24.5% of the total Hong Kong instant noodle market, respectively. Driven by the continuous consumption upgrade and higher demand from consumers for premium instant noodles, the retail sales value of the Hong Kong cup and bowl-type instant noodle market, is expected to continuously increase and reach approximately HK\$949.3 million in 2021.

The following charts illustrate the historical and projected Hong Kong premium instant noodle market in terms of retail sales value and retail sales volume from 2012 to 2021:



Source: Frost & Sullivan

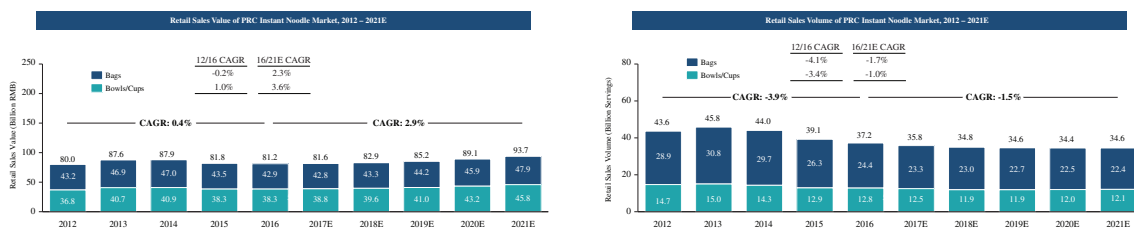
Overview of the PRC instant noodle market

The PRC instant noodle market is the largest instant noodle market in the world. Nevertheless, due to certain negative incidents in relation to food safety, increasing popularisation of online food take-out platforms and the general increase in product prices, the growth rate of the retail sales

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value of the PRC instant noodle market decreased by 7.0% and 0.8% in 2015 and 2016, respectively. Overall, the retail sales value of the PRC instant noodle market increased from approximately RMB80.0 billion in 2012 to approximately RMB81.2 billion in 2016, representing a CAGR of approximately 0.4% from 2012 to 2016, whereas the retail sales volume of the PRC instant noodle market decreased from approximately 43.6 billion servings in 2012 to approximately 37.2 billion servings in 2016, representing a CAGR of approximately -3.9%. According to Frost & Sullivan, the PRC instant noodle market is likely to remain steady growth in terms of retail sales value in the future. It is estimated that the retail sales value of the PRC instant noodle market will reach approximately RMB93.7 billion in 2021, representing a CAGR of approximately 2.9% from 2016 to 2021.

The following charts illustrate the historical and projected PRC instant noodle market in terms of retail sales value and retail sales volume from 2012 to 2021:



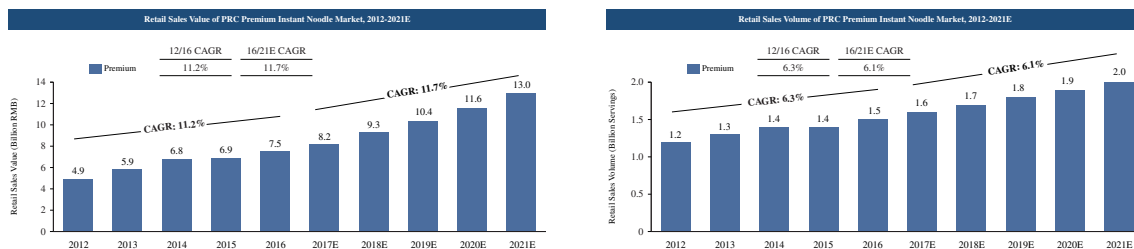
Source: Frost & Sullivan

Overview of the PRC premium instant noodle market

Due to similar reasons that drive the Hong Kong premium instant noodle market and fast urbanisation in the PRC, the retail sales value and retail sales volume of the PRC premium instant noodle market achieved a growth at a CAGR of approximately 11.2% and 6.3% from 2012 to 2016, respectively, reaching approximately RMB7.5 billion and 1.5 billion servings in 2016, respectively. It is estimated that the PRC premium instant noodle market will reach approximately RMB13.0 billion and 2.0 billion servings in terms of retail sales value and retail sales volume in 2021, respectively, representing a CAGR of approximately 11.7% and 6.1% from 2016 to 2021, respectively. Meanwhile, the retail sales value and retail sales volume of the mass instant noodle market in the PRC decreased from 2012 to 2016, representing a CAGR of approximately -0.5% and -4.2%, respectively. According to Frost & Sullivan, the majority of premium instant noodles are also cup and bowl-type instant noodles. With the development of the PRC premium instant noodle market, the PRC cup and bowl-type instant noodle market also embraced a growth. In 2016, the retail sales value and retail sales volume of the PRC cup and bowl-type instant noodle market reached approximately RMB38.3 billion and 12.8 billion servings, accounted for approximately 47.2% and 34.4% of the total PRC instant noodle market, respectively. Driven by the continuous consumption upgrade and higher demand from consumers for premium instant noodles, the retail sales value of the PRC cup and bowl-type instant noodle market is expected to increase by a CAGR of approximately 3.6% from 2016 to 2021, continuing its higher growth rate than that of the retail sales value of the PRC bag-type instant noodle market, which is expected to increase by a CAGR of approximately 2.9% from 2016 to 2021.

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The following charts illustrate the historical and projected PRC premium instant noodle market in terms of retail sales value and retail sales volume from 2012 to 2021:



Source: Frost & Sullivan

Distribution channels of the instant noodle markets in Hong Kong and the PRC

Instant food manufacturers in Hong Kong and the PRC generally sell products through four channels, namely, tradition trade channel (including grocery stores, non-chained convenience stores and other outlets, which are owned and operated by individuals or households and generally sell groceries), modern retail channel (including shopping malls, supermarkets and chained convenience stores, which are operated by group companies and generally located in higher tier cities and center of lower tier cities), specialty channel (including catering, air transportation, internet cafe, gas stations and KTV) and e-commerce channel.

Key barriers to entry in the instant noodle markets in Hong Kong and the PRC

Key barriers to entry in the Hong Kong instant noodle market include: (i) brand awareness; (ii) capital investment; (iii) production technology barrier; and (iv) sales network. Significant capital investment is essential to construct production plants and purchase advanced production machinery and equipment and research and development facilities in order to increase production automation. Breakthrough in production technology is important for the Hong Kong instant noodle manufactures to improve the quality of their instant noodles so as to cope with consumers' higher requirements on flavour and packaging of instant noodles, as well as to satisfy the strict policies and industry standards of the Hong Kong food industry. Due to the high concentration of the Hong Kong instant noodle market, leading instant noodle companies generally have already established wide sales network coverage. For new entrants, it is difficult to succeed in these aspects in a short period of time.

Key barriers to entry in the PRC instant noodle market include: (i) sales network and customer relationship; (ii) capital investment; (iii) production technology barrier; and (iv) bargaining power. Instant noodle manufacturers in the PRC that can manage to maintain good customer relationship and efficient sales network will have significant competitive advantages in the highly concentrated and competitive market. Capital investment is crucial for instant noodle manufacturers to procure production machinery and equipment and raw materials, and guarantee high product quality. Innovations in production technologies are important for instant noodle manufacturers to meet consumers' diversified demands on flavour, quality and packaging of instant noodles and satisfy the stricter government policies and industry standards of the PRC food industry. Companies with higher bargaining power can establish more stable distribution network and incur lower raw materials cost. For new entrants, it is difficult to succeed in these aspects in a short period of time.

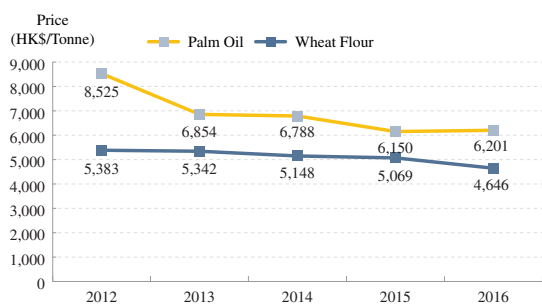
INDUSTRY OVERVIEW

Price trend of key raw materials

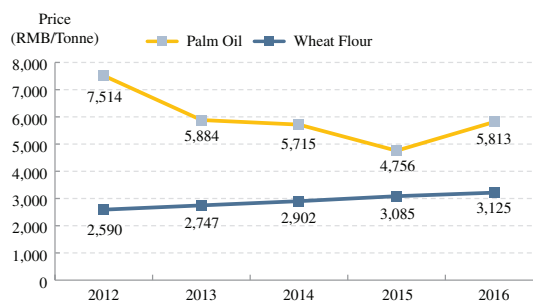
The key raw materials used in the manufacture of instant noodles are wheat flour and palm oil. Flour and palm oil are primarily imported to Hong Kong. The average imported price of wheat flour decreased steadily from 2012 to 2016. The average imported price of palm oil also decreased from 2012 to 2015 and increased slightly from 2015 to 2016. The prices of wheat flour and palm oil in the PRC are primarily determined by multiple factors, including supply and demand, administrative adjustment policies, weather and cost of upstream plant materials. The average price of wheat flour in the PRC slightly increased from 2012 to 2016, while the average price of palm oil in the PRC generally decreased from 2012 to 2015 and increased from 2015 to 2016. According to Frost & Sullivan, the long term price trends of imported key raw materials in Hong Kong are expected to remain steady or decline slightly depending on various factors, including the volume of imported raw materials, production costs in importing countries, transportation costs and changes of exchange rates and inflation. The future price trends of key raw materials in the PRC are expected to remain stable in the near future.

The following charts illustrate the historical price trend of wheat flour and palm oil imported to Hong Kong and in the PRC from 2012 to 2016:

Average price of wheat flour and palm oil (imported to Hong Kong), 2012 to 2016



Average price of wheat flour and palm oil (China), 2012 to 2016



Price trend of instant noodles

The average price of instant noodles in Hong Kong increased from approximately HK\$4.1 per serving in 2012 to approximately HK\$4.4 per serving in 2016, representing a CAGR of approximately 1.7% from 2012 to 2016. The average price of instant noodles in the PRC also increased from approximately RMB1.8 per serving in 2012 to approximately RMB2.2 per serving in 2016, representing a CAGR of approximately 4.4% from 2012 to 2016. Frost & Sullivan estimated that the average prices of instant noodles in Hong Kong and the PRC will continue to grow in the following years due to the increasing labour and processing costs, the ongoing inflation and the product innovation, especially instant noodle manufacturers have been continuously introducing premium instant noodles into the markets to meet consumers' demands for healthy and innovative products.

INDUSTRY OVERVIEW

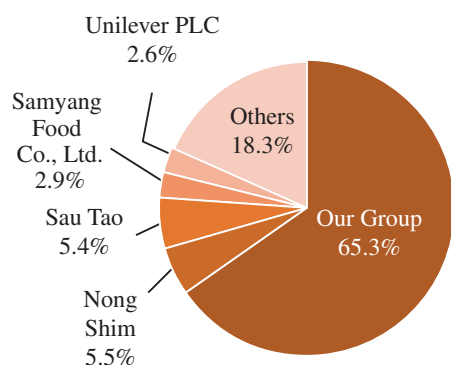
Competitive landscape

Competitive landscape of the Hong Kong instant noodle market

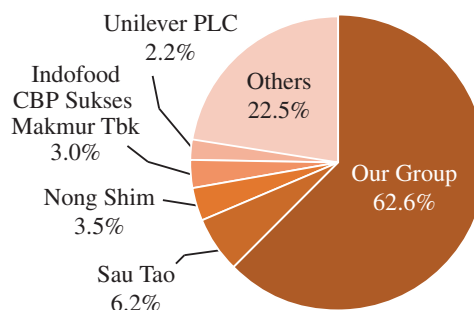
The Hong Kong instant noodle market is highly concentrated and led by three major players, which represented an aggregate market share of approximately 76.2% and 72.3% in terms of retail sales value and retail sales volume in 2016, respectively. According to Frost & Sullivan, the market shares of the major market players are relatively stable. Our Group have been the largest instant noodle company in Hong Kong for the past five years and we were also the largest cup and bowl-type instant noodle company in terms of retail sales value in 2016 with a market share of approximately 82.0%. The other two major market players are: (i) Xinshunfu Food Co., Ltd. (新順福食品有限公司) (“**Sau Tao**”), which was established in Hong Kong in 1960 and has diversified product portfolio; and (ii) Nong Shim Group (農心集團) (“**Nong Shim**”), which was established in Korea in 1965 and has strong capital abilities.

The following charts illustrate the respective market share by retail sales value and retail sales volume in the Hong Kong instant noodle market in 2016, respectively:

**Market share of top 5 players
in the Hong Kong instant noodle market
in terms of retail sales value in 2016**



**Market share of top 5 players
in the Hong Kong instant noodle market
in terms of retail sales volume in 2016**



Source: Frost & Sullivan

Competitive landscape of the PRC instant noodle market

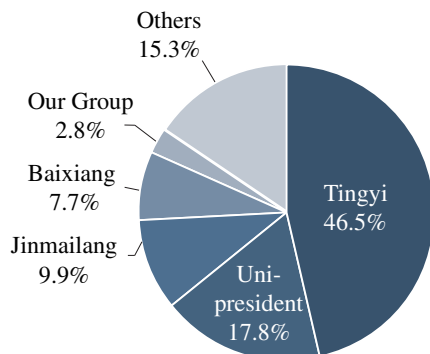
According to Frost & Sullivan, the PRC is the world’s largest market for instant noodles. The PRC instant noodle market is led by a small number of foreign and domestic major players, which represented an aggregate market share of approximately 84.7% in terms of retail sales value in 2016 with the rest of the market being highly fragmented. According to Frost & Sullivan, our Group was the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.8% and 1.4% of the total PRC instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. Our Group was also the third largest instant noodle company in Guangdong and Fujian provinces and the fourth largest instant noodle company in Shanghai and Zhejiang and Jiangsu provinces in terms of retail sales value in 2016. Our key competitors in the PRC instant noodle market primarily include: (i) Tingyi (Cayman Island) Holding Corp. (康師傅控股有限公司) (“**Tingyi**”), which entered into the PRC in 1992 as one of the first manufacturers that initiated instant noodle business in the PRC; (ii) Uni-president China Holding Ltd. (統一企業中國控股有限公司) (“**Uni-president**”), which was established in Taiwan in 1967 and is also the leading player in the PRC instant noodle market; (iii) Jinmailang Food Co., Ltd. (今麥郎食品有限公司)

INDUSTRY OVERVIEW

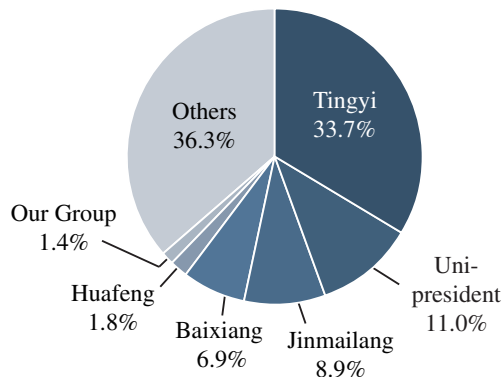
(“**Jinmailang**”), which was established in the PRC in 1994; (iv) Baixiang Food Co., Ltd. (白象食品股份有限公司) (“**Baixiang**”), which was established in the PRC in 1997; and (v) Zhuhai Huafeng Food Industry (Group) Co., Ltd. (珠海市華豐食品工業(集團)有限公司) (“**Huafeng**”), which was established in the PRC in 1982.

The following charts illustrate the respective market share by retail sales value and retail sales volume in the PRC instant noodle market in 2016, respectively:

**Market share of top 5 players
in the PRC instant noodle market
in terms of retail sales value in 2016**



**Market share of top 6 players
in the PRC instant noodle market
in terms of retail sales volume in 2016**

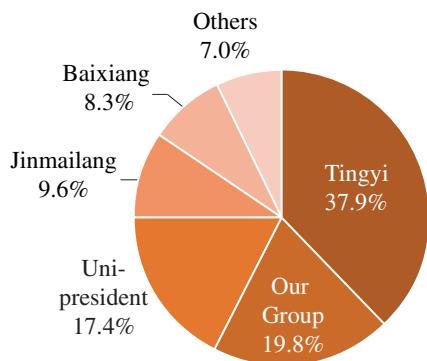


Source: Frost & Sullivan

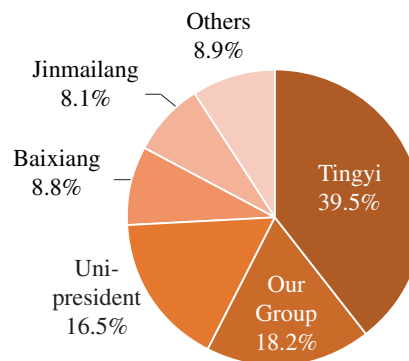
According to Frost & Sullivan, the premium instant noodles market in the PRC is highly concentrated, with the top five players accounting for approximately 93.0% and 91.1% of the total market share in terms of retail sales value and retail sales volume in 2016, respectively. According to Frost & Sullivan, we were the second largest premium instant noodle company in the PRC, accounted for approximately 19.8% and 18.2% of the total PRC premium instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. Our key competitors in the PRC premium instant noodle market primarily include: (i) Tingyi, (ii) Uni-president; (iii) Jinmailang; and (iv) Baixiang.

The following charts illustrates the respective market share by retail sales value and retail sales volume in the PRC premium instant noodle market in 2016, respectively:

**Market share of top 5 players
in the PRC premium instant noodle market
in terms of retail sales value in 2016**



**Market share of top 5 players
in the PRC premium instant noodle market
in terms of retail sales volume in 2016**



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Our key advantages over our competitors

According to Frost & Sullivan, we mainly have five key advantages compared to our competitors in the instant noodle markets in Hong Kong and the PRC, including (i) we are a renowned market player with diversified brands and product portfolio; (ii) established sales and distribution network; (iii) strong research and development capabilities and deep industry know-how; (iv) stringent quality control; and (v) experienced and high caliber management team. Having set our presence in the instant noodle market in Hong Kong for a long period of time, we have been the largest instant noodle company in Hong Kong for the past five years. In the PRC, according to Frost & Sullivan, while we were the fifth and sixth largest instant noodle company in the PRC, in terms of retail sales value in 2016, we ranked second in the PRC premium instant noodle market in terms of retail sales value in 2016. Our established sales and distribution network spreads over Hong Kong and the PRC. Our strong research and development capabilities and deep industry know-how have enabled us to adjust the prices of our existing products and to develop new products to tailor to different target consumer base, which thereby expand our product offerings and support our business expansion. Further, leveraging on our extensive experience in the food industry, our experienced and high caliber management team can effectively and efficiently lead our business operations.

Market drivers of the instant noodle markets in Hong Kong and the PRC

There are three key drivers for the growth of the Hong Kong instant noodle market: (i) consumers' demand for convenience; (ii) increasing awareness on product safety and quality; and (iii) the traditional food culture. Instant food, especially instant noodles, offer convenience to Hong Kong consumers with busy lifestyle. Hong Kong consumers' demand for convenience boost the consumption of instant noodles and is expected to remain as the key driver for the growth of the Hong Kong instant noodle market. Since Hong Kong consumers pay more attention to food quality, safety and nutrition value than just selling prices, instant noodle manufactures that can focus on developing premium instant noodles or instant noodles with reputable brands, high quality and safety, new flavours and taste and packaging design are able to attract more consumers. Furthermore, there is a long developed culture of instant noodles in Hong Kong since 1960s, when the "Doll Instant Noodle (公仔麵)" (公仔麵) was first introduced, and the local tradition of having noodles ensures the further development of the Hong Kong instant noodle market.

There are four key drivers for the growth of the PRC instant noodle market: (i) rising per capita income and purchasing power; (ii) change of consumption pattern; (iii) product innovation; and (iv) consumers' loyalty to well-known instant noodle brands. Expenditures on instant food, in particular instant noodles, have increased steadily along with the rising per capita income and purchasing power of the Chinese consumers from 2012 to 2016. People are gradually changing their consumption pattern and tend to consume more cup and bowl-type instant noodles due to their convenience instead of bag-type instant noodles, which will drive the further development of the overall market, in particular, the premium instant noodle market. Further, the PRC government has issued a series of national policies and regulations to support and regulate the PRC instant food (including instant noodles) industry in recent years, including (i) the Examination Rules for the Production License of Instant Noodles (方便麵生產許可證審查細則), which was issued in 2005 to specify the basic production procedure and standards as well as factory inspection items of instant noodle industry; (ii) the Twelfth Five-year Development Plan for Food Industry (食品工業“十二五”發展規劃), which was issued in 2011 and set out the plan to solve the nutritional problems of

INDUSTRY OVERVIEW

traditional instant noodles, improve the quality of instant food and upgrade product level, and dealt with the cut-throat competition of instant food industry; (iii) the Outline of the Programme for Food and Nutrition Development in China (2014 – 2020) (中國食物與營養發展綱要(2014-2020年)), which was issued in 2014 and aimed at accelerating the industrialisation of instant food industry and the development of instant food that meet nutritive requirements and food safety standards; and (iv) the Food Safety Law of the People’s Republic of China (2015 Revision) (中華人民共和國食品安全法實施條例), which was issued in 2015 and introduced the food safety standards on raw materials, production process and factory inspection. These policies and regulators are expected to benefit premium instant noodle manufacturers which generally produce more nutritional and high quality products. Thus, these premium instant noodle manufacturers are expected to attract more consumers and enlarge their customer base. Finally, considering the high quality, food safety and better taste and packaging of branded instant noodles, consumers show relatively higher loyalty to well-known instant noodle brands.

Future developments of the instant noodle markets in Hong Kong and the PRC

Leading instant noodle manufacturers in Hong Kong tend to focus on upgrading and diversifying their product portfolios and developing premium products which are expected to drive the Hong Kong instant noodle market in the near future. According to Frost & Sullivan, imported instant noodles may continue to contribute to the further development of the Hong Kong instant noodle market.

According to Frost & Sullivan, the PRC instant noodle market may embrace a new round of development tide. As the per capita consumption of instant noodles in the PRC was approximately 27.0 servings in 2016, which was much lower than that in some developed regions or countries, such as Hong Kong, Vietnam, Indonesia, Japan and Korea, where the per capita consumption of instant noodles was approximately 56.4, 53.1, 50.3, 44.6 and 74.7 servings in 2016, respectively, the PRC instant noodle market still has much potential for future growth. The three main trends of the PRC instant noodle market are (i) increasing demand for premium instant noodles; (ii) rising health awareness; and (iii) greater awareness on product safety. Frost & Sullivan expected that premium instant noodles will become more popular and the market for healthier instant noodles in the PRC has great potential for growth in the coming future. Furthermore, due to consumer’s higher requirement on product quality and the stricter policies and regulations promulgated by the PRC government to regulate the food industry, higher quality products will become increasingly more popular.

THE FROZEN DIM SUM MARKET IN HONG KONG

An introduction to frozen dim sum

Frozen dim sum is a traditional Cantonese cuisine that is usually prepared in bite size portions containing beef, chicken, pork, pawns or vegetables. Frozen dim sum can be generally divided into the following categories: (i) dumplings, including wonton, shrimp dumplings and Japanese Gyoza; (ii) buns, including steamed buns, pan-fried buns and barbecued pork buns; (iii) rolls, such as spring rolls; (iv) cakes, including radish cakes and taro cakes; and (v) others, such as meat balls, prawn balls and samosa.

Overview of the Hong Kong frozen dim sum market

Since frozen dim sum is generally considered as convenient, tasty, safe and healthy, it is becoming increasingly popular in Hong Kong where there is a long history of yum cha culture involving drinking Chinese tea and eating dim sum. The retail sales value of the Hong Kong frozen

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dim sum market grew steadily from approximately HK\$774.2 million in 2012 to approximately HK\$960.0 million in 2016, representing a CAGR of approximately 5.5% from 2012 to 2016, and is estimated to reach approximately HK\$1,250.0 million in 2021, representing a CAGR of approximately 5.4% from 2016 to 2021. The retail sales volume of the Hong Kong frozen dim sum market also steadily increased from approximately 11.2 thousand tonnes in 2012 to approximately 12.8 thousand tonnes in 2016, representing a CAGR of approximately 3.3% from 2012 to 2016, and is expected to grow at a CAGR of approximately 3.8% from 2012 to 2016 and reach approximately 15.4 thousand tonnes in 2021.

Key barriers to entry in the Hong Kong frozen dim sum market

Key barriers to entry in the Hong Kong frozen dim sum market include: (i) brand awareness; (ii) capital investment; (iii) cold-chain logistics; and (iv) extensive distribution and sales network. The Hong Kong frozen dim sum market is dominated by several leading market players, such as our Group, General Mills (通用磨坊股份有限公司) (“**Wanchai Ferry**”) and Amoy Food Co., Ltd. (淘化大同食品有限公司) (“**Amoy Food**”). These market leading players have won consumers’ trust and loyalty by offering high quality and delicious products to consumers for years. Frozen dim sum industry is also capital intensive. Procurement of fresh raw materials, establishment of production plants and cold-chain logistics, product innovation as well as expansion of the downstream network all require a large amount of capital investment. Furthermore, advanced cold-chain logistics system which has endured repetitive tests is essential to maintain the safety, quality and freshness of frozen dim sum during its whole process of processing, storage and transportation. Finally, leading market players in the Hong Kong frozen dim sum market have established extensive distribution channels and sales network with wholesalers and retailers. For new entrants, it is difficult to overcome these barriers.

Price trend of key raw materials

The key raw materials used in the manufacture of frozen dim sum are wheat flour, pork and vegetables. Both pork and vegetables are imported to Hong Kong. The average price of imported pork increased from 2012 to 2013 and started to decrease from 2013 to 2014. The average price of imported pork increased again from 2014 to 2016. The average price of imported vegetables increased steadily from 2012 to 2016. According to Frost & Sullivan, the future price trends of imported pork and vegetables are expected to increase steadily depending on various factors, including the volume of imported raw materials, feeding, planting and transportation costs, changes of exchange rates and inflation.

Price trend of frozen dim sum

The average price of frozen dim sum in Hong Kong has steadily increased from approximately HK\$69.0 per kg in 2012 to HK\$75.0 per kg in 2016, representing a CAGR of approximately 2.1% from 2012 to 2016. Such price increase was primarily due to the increasing costs of key raw materials, labour and cold-chain logistics and product innovation. It is estimated that the average price of frozen dim sum in Hong Kong will continue to increase in the coming years.

Competitive landscape

Dim sum has been deeply rooted in Hong Kong people’s daily life. As lifestyle gradually changes, Hong Kong people now tend to consume frozen dim sum at home. According to Frost & Sullivan, Hong Kong is one of the largest frozen dim sum markets in the world. The Hong Kong

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frozen dim sum market is expected to keep growing in the following years. The Hong Kong frozen dim sum market is highly concentrated and led by a few market players, which represented an aggregate market share of approximately 70.8% in terms of retail sales value in 2016 with the rest of the market being fragmented. We were the second largest frozen dim sum company in Hong Kong, accounted for approximately 25.2% and 23.8% of the total Hong Kong frozen dim sum market in terms of retail sales value and retail sales volume in 2016, respectively. We have achieved a leading market position due to our wide product portfolio. Our key competitors in the Hong Kong frozen dim sum market include: (i) Wanchai Ferry, which was established in Hong Kong in 1985 and has good brand reputation; (ii) Amoy Food, which was established in the PRC in 1908 and has diversified sales channels including Hong Kong and Chinese style restaurants; (iii) Lee Chun Food Co., Ltd. (利川食品有限公司), which was established in Hong Kong in 1994 and has high penetration rate in traditional trade channel; and (iv) East East Food Manufacture Co., Ltd. (東東食品製造有限公司), which was established in Hong Kong in 1982.

Our key advantages over our competitors

According to Frost & Sullivan, we mainly have two key advantages compared to our competitors in the Hong Kong frozen dim sum market, including (i) diversified product portfolio and excellent localisation; and (ii) leading market position in Hong Kong. We are able to offer a diversified product portfolio with localised dim sum products to consumers in both Hong Kong and the PRC, and have a leading market position in Hong Kong after having operated in Hong Kong for more than forty years.

Market drivers

There are three key drivers of growth in the Hong Kong frozen dim sum market: (i) changing lifestyle of Hong Kong people; (ii) the influence of office workers and younger generation; and (iii) yum cha culture. Hong Kong people tend to consume frozen dim sum that can be easily cooked to save time as a result of their busy and stressful life. The increasing demand of office workers and younger generation for convenience also drives the market to further develop. According to Frost & Sullivan, frozen dim sum is the most common food found in convenience stores in Hong Kong compared with other frozen food products. Finally, Hong Kong people have the habit of yum cha at different time of a day and at special occasions, such as gatherings or festival celebrations. Yum cha culture in Hong Kong helps to support the sustained growth of the Hong Kong frozen dim sum market.

Future development

Frozen dim sum manufacturers tend to make greater efforts in product innovation, flavour and packaging to strengthen their brand awareness and satisfy the needs of sophisticated consumers. Further, due to Hong Kong consumers' higher awareness in healthy food products, the Hong Kong frozen dim sum manufacturers are committed to offer hygienic, high quality and nutritious products. According to Frost & Sullivan, steamed dim sum is becoming more popular under such trend. Finally, since different frozen dim sum products have different requirement on temperature, advanced logistic and information systems also play a crucial role to modernise the temperature-controlled storage and transportation technologies and equipment.

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The business of our Group is principally based in Hong Kong and the PRC, and therefore we are subject to the relevant laws and regulations of these jurisdictions. This section summarises the major aspects of the principal laws, rules and regulations that are relevant and material to our operations in these jurisdictions.

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Laws and regulations applicable to food safety and production

Public Health and Municipal Services Ordinance

The legal framework for food safety control in Hong Kong is set out in part V of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) (the “**PHO**”) and the relevant sub-legislations thereunder. The PHO requires that manufacturers and sellers of food to ensure that their products are fit for human consumption and comply with the requirements in respect of food safety, food standards and labelling.

Section 50 of the PHO prohibits the manufacturing, advertising and sale of food that are injurious to health in Hong Kong. Anyone who fails to comply with this section commits an offence which carries a maximum penalty of a fine of HK\$10,000 and three months’ imprisonment. Section 52 of the PHO provides that if a seller fraudulently sells to the prejudice of a purchaser any food or drug which is not of the nature, substance or quality of the food demanded by the purchaser, the seller shall be guilty of an offence which carries a maximum penalty of a fine of HK\$10,000 and three months’ imprisonment.

According to section 54 of the PHO, any person who sells or offers for sale any food intended for, but unfit for, human consumption shall be guilty of an offence. The maximum penalty for contravention of section 54 is a fine of HK\$50,000 and six months’ imprisonment.

Section 61 of the PHO provides that it shall be an offence for any person who gives with any food sold by him or displays with any food exposed for sale by him any label which falsely describes the food or is calculated to mislead as to its nature, substance or quality. Further, it shall also be an offence if any person publishes or is a party to the publication of an advertisement falsely describing any food or is likely to mislead as to the nature, substance or quality of any food. The maximum penalty for contravention of section 61 is a fine of HK\$50,000 and six months’ imprisonment.

The Food and Environmental Hygiene Department (the “**FEHD**”) is responsible for the enforcement of the relevant laws and regulations under the PHO. FEHD may make regulations to regulate the manufacturing and sale of food. It may request information as to the composition of substances used in the preparation of food. It also has power to take samples of all kinds of food products at their points of entry to Hong Kong and may prohibit or restrict importation of any food product. It can also examine, seize and remove any food which is intended for human consumption or its packaging if it appears that such food is unfit for human consumption.

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The said relevant subsidiary legislations of the PHO, inter alia, provides further regulations, including:

(1) *Food Business Regulation*

General Requirements relating to Food Business

Part II of the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) (the “**FBR**”) requires persons who carry on any food business to comply with the following requirements:

- (i) to keep any food premises clean, free from noxious matters and to be kept in good order, repair and condition;
- (ii) to ensure the cleanliness of the equipment used in the course of the food business;
- (iii) not to spit or provide any spittoons at any food premises;
- (iv) to protect food from risk of contamination; and
- (v) not to bring or knowingly permit the presence of any dog on any food premises.

Food Factory Licence

It is provided under section 31(1) of the FBR that no person shall carry on or cause, permit or suffer to be carried on any food factory business except with a food factory licence. The relevant licence will only be granted if the Director of Food and Environmental Hygiene is satisfied that the food factory has complied with certain requirements as to food hygiene and safety. The FEHD may grant a provisional food factory licence to a new applicant who has fulfilled the basic requirements in accordance with the FBR pending fulfilment of all outstanding requirements for the issue of a full food factory licence.

A provisional food factory licence is valid for a period of six months or a lesser period and a full food factory licence is valid generally for a period of twelve months, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislation and regulations. A provisional food factory licence is renewable on one occasion and a full food factory licence is renewable annually.

Section 35 of the FBR provides that any person who is in a contravention of section 31(1) of the FBR shall be guilty of an offence. The maximum penalty is a fine of HK\$50,000, imprisonment for six months and where the offence is a continuing offence, an additional fine of HK\$900 for each day during the offence has continued.

(2) *Food and Drugs (Composition and Labelling) Regulations*

Food and Drugs (Composition and Labelling) Regulations (Chapter 132W of the Laws of Hong Kong) (the “**FDR**”) which are under the PHO, contains provisions on the advertising and labelling of food.

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Regulation 4A of the FDR requires all prepackaged food and products sold (except for those listed in schedule 4 to the FDR) to be marked and labelled in the manner prescribed in schedule 3 to the FDR. The required information to be included in the labels include:

- (a) the name or designation of the food;
- (b) the list of ingredients;
- (c) indication of “best before” or “use by” date;
- (d) statement of special conditions for storage or instructions for use;
- (e) name and address of manufacturer or packer; and
- (f) the count, weight or volume of the relevant prepackaged food.

Schedule 3 to the FDR also requires the marking or labelling of prepackaged food to be in either the English or the Chinese language or in both languages.

Regulation 4B requires all prepackaged food to be marked or labelled with its energy value and nutrient content in compliance with part 1 of schedule 5 to the FDR.

Contravention of regulation 4A or 4B may result in a conviction carrying a maximum penalty of HK\$50,000 and six months’ imprisonment.

(3) Colouring Matter in Food Regulations

Colouring Matter in Food Regulations (Chapter 132H of the Laws of Hong Kong) (“**CMFR**”) contains provisions regulating colouring matter in food. Regulation 3 of the CMFR prohibits the sale, consignment, delivery or importation of any food intended for sale for human consumption which contains any added colouring matters other than permitted ones listed in schedule 1 to the CMFR.

According to regulation 5(3) of the CMFR, no person shall sell, consign or deliver for use in food any colouring matter or any colouring and flavouring compound except in a container bearing a label in accordance to schedule 2 to the CMFR.

Failure in complying with these regulations will be an offence which carries a maximum penalty of a fine of HK\$50,000, imprisonment for six months and, where the offence is a continuing offence, a fine of HK\$300 for each day during which the offence continues.

(4) Sweeteners in Food Regulations

It is provided under regulation 3 of the Sweeteners in Food Regulations (Chapter 132U of the Laws of Hong Kong) (the “**SFR**”) that, any person who sells, consigns, delivers or imports any food intended for human consumption which contains any sweeteners other than permitted ones as specified in the schedule to the SFR commits an offence. The maximum penalty for contravention of regulation 3 is a fine of HK\$50,000 and six months’ imprisonment.

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(5) *Food Adulteration (Metallic Contamination) Regulations*

Regulation 3 of the Food Adulteration (Metallic Contamination) Regulations (Chapter 132V of the Laws of Hong Kong) prohibits the importation, consignment, delivery, manufacturing or sale of any food for human consumption which contains metals except where naturally present up to certain limits as specified in schedule 1 and schedule 2 to the regulations or any food containing any metal in such amount as to be dangerous or prejudicial to health. Anyone who fails to comply with this section commits an offence which carries a maximum penalty of HK\$50,000 and imprisonment for six months.

(6) *Harmful Substances in Food Regulations*

Harmful Substances in Food Regulations (Chapter 132AF of the Laws of Hong Kong) (the “HSFR”) contains provisions prohibiting the harmful substances in food.

Regulation 3 of the HSFR prohibits the importation, consignment, delivery, manufacturing or sale of any food for human consumption which contains substances in excessive of the concentrations specified in schedule 1 of the HSFR. Schedule 1 has provided the amount of maximum concentration of substances in relation to certain food including, among others, peanuts products, milk and oil. Anyone who fails to comply with regulation 3 of the HSFR commits an offence which carries a maximum penalty of HK\$50,000 and imprisonment for six months.

(7) *Mineral Oil in Food Regulations*

Regulation 4 of the Mineral Oil in Food Regulations (Chapter 132AR of the Laws of Hong Kong) prohibits (i) the use of any mineral oil in the composition or preparation of any article of food intended for sale for human consumption; or (ii) the sale for human consumption any article of food containing any mineral oil unless (a) the mineral oil contained does not exceed 0.2 parts by weight of mineral oil per 100 parts by weight of the article of food; and (b) the presence of mineral oil is not due to its inclusion as an ingredient but to its use as a lubricant or greasing agent on some surface with which the article of food has necessarily to come into contact in the course of its preparation. Anyone who fails to comply with this regulation commits an offence which carries a maximum penalty of HK\$50,000 and imprisonment for six months.

(8) *Preservatives in Food Regulation*

Section 3 of the Preservatives in Food Regulation (Chapter 132BD of the Laws of Hong Kong) (the “PFR”) prohibits the importation, manufacturing or sale of any article of food that contains a food additive other than the permitted food additive as set out in schedule 1 to the PFR and only if the permitted additive contained does not exceed the maximum permitted level.

Under sections 5 and 6 of the PFR, no person is allowed to sell any preservative or antioxidant in food or food that contains a permitted preservative or permitted antioxidant unless the container of such preservative or antioxidant or such food bears a label in accordance with schedule 2 of the PFR.

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Anyone who fails to comply with section 3, 5 or 6 of the PFR commits an offence and shall be liable on conviction to a maximum penalty of HK\$50,000 and imprisonment for six months.

(9) Pesticide Residues in Food Regulation

Pesticide Residues in Food Regulation (Chapter 132CM of the Laws of Hong Kong) (the “PRFR”) contains provisions regulating pesticide residues in food.

Section 4 of the PRFR provides that a person may import, consign, deliver, manufacture or sell for human consumption a food which contains pesticide residues only if the food is of a description specified in schedule 1 of the PRFR. Schedule 1 has provided the types of pesticide residues and the amount of the maximum residue limit permissible to be contained under the food.

Anyone who fails to comply with section 4 commits an offence and is liable to a fine of HK\$50,000 and imprisonment for six months.

(10) Imported Game, Meat, Poultry and Eggs Regulations

Regulation 4 of Imported Game, Meat, Poultry and Eggs Regulations (Chapter 132AK of the Laws of Hong Kong) provides that no person shall import meat, poultry or eggs without an official certificate issued by the competent authority unless with the permission in writing of a health officer of FEHD and to such conditions as he may impose.

Anyone who fails to comply with regulation 4 commits an offence which carries a maximum penalty of HK\$50,000 and imprisonment for six months.

For the purpose of enforcing the food safety provisions under the PHO and its subsidiary legislations, any public officer authorized by the Director of FEHD has the power to examine and take samples of food as well as to seize, remove, destroy or dispose of any food which appears to be unfit for human consumption pursuant to section 59 of the PHO.

Demerit points system

FEHD operates the demerit points system under which prescribed points are registered against food factory licence in respect of violations of the PHO and its subsidiary legislation. Under the system, on conviction of an offence under sections 52 and 54 of PHO (which includes selling any food which is not of the quality demanded by the purchaser and selling any food which is unfit for human consumption):-

- (a) if within a period of 12 months, a total of 15 demerit points or more have been registered against a licensee in respect of any licensed premises, the license in respect of such licensed premises will be subject to suspension for 7 days (“**First Suspension**”);
- (b) if within a period of 12 months from the date of the last offence leading to the First Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the license will be subject to suspension for 14 days (“**Second Suspension**”);
- (c) thereafter, if within a period of 12 months from the date of the last offence leading to the Second Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the license will be subject to cancellation;

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- (d) for multiple offences found during any single inspection, the total number of demerit points registered against the license will be the sum of the demerit points for each of the offences; and
- (e) the prescribed demerit points for a particular offence will be doubled and trebled if the same offence is committed for the 2nd and 3rd time within a period of 12 months.

Any alleged offence pending, that is the subject of a hearing and not yet taken into account when a licence is suspended, will be carried over for consideration of a subsequent suspension if the licensee is subsequently found to have violated the relevant hygiene and food safety legislation upon the conclusion of the hearing at a later date.

Food Safety Ordinance

The Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong) (the “FSO”) establishes a registration scheme for import and distribution of food and requires the keeping of records by persons who acquire, capture, import or supply food and to enable food import controls to be imposed.

Registration

Section 5 of the FSO requires a person who carries on a food distribution business to register as a food distributor under the ordinance. A person who, without reasonable excuse, contravenes section 5 commits an offence and is liable to a maximum penalty of a fine of HK\$50,000 and to imprisonment for six months. As our Group has obtained the food factory licence under part IV of the FBR, pursuant to section 5(3) and schedule 1 of the FSO, we are exempted from the registration requirement.

Record-keeping requirement

Further, the FSO imposes respective record-keeping obligations on food importers, food distributors and all other persons who acquire food in the course of business to enhance traceability of food in Hong Kong.

Under section 24 of the FSO, a person who, in the course of business, supplies food in Hong Kong by wholesale must record certain information of the food including (a) the date the food was supplied; (b) the name and contact details of the person to whom the food was supplied; (c) the total quantity of the food; and (d) a description the food. Such record must be made within 72 hours after the supply took place. A person who, without reasonable excuse, fails to make a record; includes in a record information that the person knows is false in a material particular; or recklessly includes in a record information that is false in a material particular commits an offence and is liable to a maximum penalty of a fine of HK\$10,000 and to imprisonment for three months.

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As for the business of our Group involves manufacturing and selling instant noodle and other prepackaged food products, we have to (i) take into accounts of the aforesaid laws and regulations (whether under the PHO and/or FSO) in our manufacturing process and (ii) duly obtain all the relevant licences in accordance with the aforesaid ordinance or legislation so as to ensure that such requirements and/or regulations are duly complied with in respect of food safety, food standards and/or labelling.

Dangerous Goods Ordinance

For the purpose of carrying out our business, we may need to store up certain substances which fall within the ambit of “dangerous goods” under the Dangerous Goods Ordinance (Chapter 295 of the Laws of Hong Kong) (the “DGO”). Under the DGO, “dangerous goods” include all explosives, compressed gases, petroleum and other substances giving off inflammable vapours, poisonous gas or vapour, corrosive substances, substances which become dangerous by interaction with water or air, substances liable to spontaneous combustion or of a readily combustible nature etc. pursuant to section 3 of the DGO.

Under section 6 of the DGO, no person shall store any dangerous goods in excess of exempted quantity in any premises or places without a licence issued by the director of the Fire Services Department.

According to section 14 of the DGO, any person who contravenes section 6 of the DGO shall be guilty of an offence and shall be liable to a fine of HK\$25,000 and to an imprisonment of 6 months.

In view of the requirements of the DGO, we have to ensure that the quantity of dangerous goods we keep do not exceed the exempted level prescribed by law and our Group has duly obtained the relevant licence in accordance with the DGO.

Radiation Ordinance

The Radiation Ordinance (Chapter 303 of the Laws of Hong Kong) controls the import, export, possession and use of radioactive substances and irradiating apparatus and the prospecting and mining for radioactive minerals and for purposes connected therewith.

Section 7 of the Radiation Ordinance provides that, no person shall, except under and in accordance with a license duly issued under the ordinance, have in his possession or use, any radioactive substance or irradiating apparatus. Any person who contravenes the said provisions shall be guilty of an offence and shall be liable to a fine of HK\$50,000 and to imprisonment for 2 years, and in the case of continuing offence, be liable to an additional fine of HK\$2,500 for every day during the whole or any part of which such offence is knowingly and willfully continued.

As our Group owns and operates certain apparatuses used for inspection and monitoring food safety of our prepackage products and the use of which falls within the ambit of the Radiation Ordinance, our Group is required and has duly obtained the relevant licence in accordance with such ordinance so as to ensure compliance.

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Import and Export Ordinance

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the “**IEO**”) is an ordinance which provides for the regulation and control of, amongst other things, the import and export of products into or out of Hong Kong.

According to section 6C of the IEO, no person shall import any article specified in schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong), except under and in accordance with an import licence. Applications for import licence are handled by the Director-General of Trade and Industry pursuant to section 3 of the IEO. Anyone who fails to comply with this section commits an offence which carries a maximum penalty of HK\$500,000 and imprisonment for two years.

Further, in view of our import of wheat flour from the PRC as raw materials during the Track Record Period, our Group has duly obtained the relevant licence from the Trade and Industry Department of the government of HKSAR as a registered local importer of cereals and grain flour from the PRC.

We need to ensure that the relevant requirements under the IEO are complied with and/or any of the required licences have been duly obtained in the course of conducting any import or export business of the Group.

Trade Descriptions Ordinance

Food products sold in Hong Kong are subject to the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the “**TDO**”) and we need to ensure that the description of our products are in compliance with such ordinance.

Section 2 of the TDO provides that a trade description (including fitness for purpose, performance and manufacturing details) which is false to a material degree; or though not false, is misleading, that is to say, likely to be taken for a trade description of a kind that would be false to a material degree, would be regarded as a false trade description.

Section 7 of the TDO provides that it is an offence for any person, in the course of his trade or business, applies a false trade description to any goods; or supplies or offers to supply any goods to which a false trade description is applied. It is also an offence for any person to have in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied.

Contravention of any prohibitions in the TDO will constitute an offence, with a maximum penalty of up to HK\$500,000 and five years’ imprisonment. The TDO also provides regulators with the ability to accept written undertakings from businesses and individuals not to continue, repeat or engage in unfair trade practices in return of which regulator will not commence or continue investigations or proceedings relating to that matter. Regulators will also be empowered to seek an injunction against business and persons engaging in unfair trade practices or who have breached an undertaking.

In respect of the newly acquisition of MCMS where its business is principally engaged in marketing and sale of mineral water, sauce, seasonings, beverages and other processed food products in Hong Kong and Macau, MCMS has duly acquired the relevant licences as required under the FSO for its food importation or distribution business and the Dutiable Commodities Ordinance for its distribution of liquor business respectively.

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Dutiable Commodities Ordinance

The Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong) (the “**DCO**”) is an ordinance which provides for the law relating to the taxation and control of liquors, tobacco, hydrocarbon oil, methyl alcohol and other substances, for providing for the licensing of certain dealings in liquors and for purposes connected therewith.

According to section 17 of the DCO, no person shall import and export certain alcoholic and/or liquors except under a licence issued by the Customs and Excise Department. Any person who contravenes such provisions commits an offence and shall be liable to a maximum fine of HK\$1,000,000 and imprisonment for two years.

In compliance with the DCO, MCMS has duly obtained the required licence for its trading of liquor.

Other applicable laws and regulations

In addition to the aforesaid laws and regulations applicable to food safety and production, our Group’s business in Hong Kong is also generally regulated by the following major ordinances and regulations.

Environmental protection regulations

Water Pollution Control Ordinance

In respect of our operation in Hong Kong, we are required and have duly obtained the water pollution control licence from the Environmental Protection Department (the “**EPD**”) prior to any discharge of trade effluents under the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (the “**WPCO**”).

Under sections 8(1) and 8(2) of the WPCO, a person who discharges (i) any waste or polluting matter into waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offence and where any such matter is discharged from any premises, the occupier of the premises also commits an offence.

Under sections 9(1) and 9(2) of the WPCO, a person who discharges any matter into a communal sewer or communal drain into a water control zone commits an offence and where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offence. Under section 12(1)(b) of the WPCO, a person does not commit an offence under section 8(1), 8(2), 9(1) or 9(2) of the WPCO if the discharge or deposit in question is made under, and in accordance with, a water pollution control licence. A water pollution control licence is granted with the terms and conditions specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and keeping records.

A water pollution control licence may be granted for a period of not less than two years and generally five years, subject to payment of the prescribed licence fee and continuous compliance with the requirements under the relevant legislation and regulations. A water pollution control licence is renewable.

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Section 11 of the WPCO provides that any person who contravenes with section 8(1), 8(2), 9(1) or 9(2) commits an offence. The maximum potential liability is imprisonment for six months and (a) for a first offence, a fine of HK\$200,000; (b) for a second or subsequent offence, a fine of HK\$400,000, and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Air Pollution Control Ordinance

Pursuant to section 30 of the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) (“**APCO**”) and regulation 11 of its subsidiary regulation, Air Pollution Control (Furnaces, Ovens and Chimneys) (Installation and Alteration) Regulations (Chapter 311A of the Laws of Hong Kong) (“**APC Reg**”), (1) where it appears to the Air Pollution Control Authority that a chimney, relevant plant or other machinery or equipment may evolve any air pollutant by reason of (a) unsuitable design, defective construction or lack of maintenance; (b) excessive wear and tear; (c) the use of unsuitable fuel or other material; or (d) improper operation, the Air Pollution Control Authority may serve a notice on the owner of the premises in which the chimney, relevant plant or other machinery or equipment is found (i) requiring him, within a reasonable time specified in the notice, to modify, replace, clean or repair the chimney, relevant plant or other machinery or equipment specified in the notice or to take the other steps specified in the notice; (ii) requiring him, within a reasonable time specified in the notice, to install control equipment or a control system or additional control equipment or an additional control system specified in the notice; (iii) requiring him, after a reasonable time specified in the notice, to operate the chimney, relevant plant or other machinery or equipment in the manner specified in the notice; (iv) prohibiting him from using or permitting the use in the relevant plant or other machinery or equipment, after a reasonable time specified in the notice, the fuel, or other material, or mixture of fuels, or other materials specified in the notice; and (2) no occupier shall carry out or cause or permit to be carried out any work in relation to installation, alteration or modification of any furnace, oven, chimney or flue on his premises unless approval in respect of all the plans and specifications of the same is obtained in accordance with the relevant regulations.

Under section 30(2) of the APCO, any owner who fails, without reasonable excuse, to comply with any of the requirements of a notice duly served upon him under section 30(1) of the APCO commits an offence and is liable to a fine of HK\$100,000 on conviction for a first offence and HK\$200,000 and imprisonment for six months for a second or subsequent offence and in addition, if the offence is a continuing offence, to a fine of HK\$20,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Under regulation 12 of the APC Reg, an occupier who contravenes regulation 11 of the APC Reg shall be guilty of an offence and shall be liable on conviction to a fine of HK\$50,000 and, in addition, shall be liable to a fine of HK\$500 for each day during which the offence has continued.

Waste Disposal Ordinance

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (the “**WDO**”) provides the control and regulation of the production, storage, collection and disposal including the treatment, reprocessing and recycling of waste of any class or description, the licencing and registration of places and persons connected with any such activity, the protection and safety of the public in relation to any such activity and to provide for matters incidental thereto.

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Under section 16 of the WDO, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of the Environmental Protection Department. A person who except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required commits an offence and is liable on conviction (i) to a fine of HK\$200,000 and imprisonment for six months for the first offence; and (ii) to a fine of HK\$500,000 and imprisonment for six months for the second or subsequent offence and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

To ensure that we have complied with all the aforesaid ordinance and/or regulation in respect of the environmental protection, we have duly obtained all the licences as required under such ordinance and/or regulation.

Employment and labour regulations

Employees' Compensation Ordinance

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "ECO") establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under section 5 of the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer shall be liable to pay compensation.

According to section 40 of the ECO, no employer shall employ any employee in any employment unless there is in force of a policy of insurance to cover their liabilities both under the ECO and at common law for injuries at work in respect of their employees, irrespective of length of employment contract or working hours, full time or part-time employment. An employer who fails to comply with section 40 of the ECO to secure an insurance cover is liable on conviction upon indictment to a fine of HK\$100,000 and imprisonment for two years and on summary conviction to a fine of HK\$100,000 and imprisonment for one year.

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO"), provides for, amongst other things, the protection of the wages of employees, regulates general conditions of employment and provides for matters connected therewith.

Under section 25 of the EO, where a contract of employment is terminated, any sum due to the employee shall be paid to him as soon as it is practicable and in any case not later than 7 days after the day of termination. Any employer who willfully and without reasonable excuse contravenes section 25 of the EO commits an offence and is liable to a maximum fine of HK\$350,000 and to imprisonment for a maximum of 3 years. Further, under section 25A of the EO, if any wages or any sum referred to in section 25(2)(a) of the EO are not paid within 7 days from

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the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Any employer who willfully and without reasonable excuse contravenes section 25A of the EO commits an offence and is liable on conviction to a maximum fine of HK\$10,000.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the “MWO”), provides a statutory minimum wage level for employees in Hong Kong.

In essence, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage, which was HK\$34.5 as at the Latest Practicable Date. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employees by the MWO is void.

Mandatory Provident Fund Schemes Ordinance

Under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the “MPFSO”), employers are required to enroll their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment. For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income of HK\$30,000 and HK\$7,100 per month respectively, an employer will deduct 5.0% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,500. Employer will also be required to contribute an amount equivalent to 5.0% of an employee’s relevant income to the MPF scheme, subject only to the maximum level of income of HK\$30,000 per month.

Any employer who contravenes this requirement commits a criminal offence and is liable on conviction to a fine and imprisonment. If an employer has, to the satisfaction of the Mandatory Provident Fund Schemes Authority, complied with the requirement, a certificate would be issued to the employer, certifying that the employer is a participating employer in the specified MPF scheme.

Work safety regulations

Factories and Industrial Undertakings Ordinance

The Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall take care of the safety and health at work of all persons employed by it at an industrial undertaking by:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangement for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;

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- providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy work environment.

Under the same ordinance, a proprietor shall only hire such person with a valid relevant certificate in relation to the relevant industrial undertaking such person is engaged in.

A proprietor of an industrial undertaking who contravenes these duties commits an offence and is liable to a fine of HK\$500,000. A proprietor who contravenes these duties wilfully and without reasonable excuse commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for six months.

Matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, inter alia, the *Factories and Industrial Undertakings (Guarding and Operation of Machinery) Regulations (Chapter 59Q of the Laws of Hong Kong)*, include (i) a dangerous part shall be effectively guarded either by any one of the following methods or by a combination of any of the following: (a) by a fixed guard; (b) by an interlocking guard; (c) by an automatic guard; (d) by a trip guard; and/or (e) by a two-hand control device; (ii) every guard or device used pursuant to (i) above shall be (a) of substantial construction; (b) maintained in an efficient condition; and (c) kept in its proper position while the machinery or plant is in motion and (iii) a guard or device removed or rendered inoperative shall be immediately replaced or rendered operative upon completion of the purpose for which it was so removed or rendered inoperative. Non-compliance with any of these regulations commits an offence and penalty will be imposed and a proprietor of any notifiable workplace guilty of the relevant offence could be liable to a fine up to HK\$50,000.

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- providing and maintaining plant and work systems that do not endanger safety or health of employees employed of those workplaces;
- making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health of employees employed of those workplaces;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy work environment.

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Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour (i.e. the head of the labour department of HKSAR) may also issue improvement notices against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to twelve months.

We need to ensure that the relevant requirements and/or regulations under the Factories and Industrial Undertaking Ordinance and/or Occupational Safety and Health Ordinance are complied with in the course of our manufacturing process so that our employees do have full and adequate safety and health protection in the workplaces. We have established in-house safety rules to provide our employees with a safe and healthy working environment by specifying various safety measures.

Anti-competition regulation

Competition Ordinance

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) has come into full effect on 14 December 2015. The main objective of this ordinance is to prohibit undertakings in all sectors from undermining the positive role competition plays in the Hong Kong economy and introducing barriers to the competitive process which have the object or effect of preventing, restricting or distorting competition in Hong Kong. The Competition Ordinance includes prohibitions on anticompetitive agreements (“**First Conduct Rule**”) and on abuses of substantial degree of market power (“**Second Conduct Rule**”).

First Conduct Rule

The First Conduct Rule prohibits agreements or concerted practices having as object or effect to harm, prevent, restrict or distort competition in Hong Kong. The First Conduct Rule applies whether or not the conduct takes place in Hong Kong or overseas.

Certain conduct is considered to be “serious anti-competitive conduct” which consists of one or more of the following:

- (i) fixing, maintaining, increasing or controlling the price for the supply of goods or services;
- (ii) allocating sales, territories, customers or markets for the production or supply of goods or services;
- (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods or services; and/or
- (iv) bid-rigging.

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Where there is reasonable cause to believe that there is a contravention of the First Conduct Rule and the contravention does not involve serious anti-competitive conduct, before bringing proceedings in the Competition Tribunal, pursuant to section 82 of the Competition Ordinance, the Competition Commission is required to issue a “warning notice” to the relevant undertakings requiring them to cease the contravening conduct within the “warning period” and not to repeat the contravening conduct thereafter.

Where it involves “serious anti-competitive conduct”, instead of bringing proceedings in the Competition Tribunal, the Competition Commission may issue an “infringement notice” under section 67 of the Competition Ordinance, offering not to bring those proceedings on condition that the person commit to comply with the requirements of the notice.

Second Conduct Rule

The Second Conduct Rule prohibits an undertaking with a substantial degree of market power from abusing that power by engaging in conduct that has the object or effect of preventing, restricting or distorting competition in Hong Kong.

The assessment of whether an undertaking has a “substantial degree of market power” will depend on its market share, its power to make pricing and other decisions, entry barriers to the relevant market, and any other relevant matters (for instance, buyers’ bargaining powers).

When there is reasonable cause to believe that there is an infringement of the Second Conduct Rule, instead of bringing proceedings in the Competition Tribunal, the Competition Commission, may issue an “infringement notice” under section 67 of the Competition Ordinance, offering not to bring those proceedings on condition that the person commits to comply with the requirements of the notice.

The Competition Ordinance provides for certain exclusions and exemptions from the First Conduct Rule and the Second Conduct Rule.

Sanctions

Where there is a contravention, the Competition Tribunal may impose a pecuniary penalty (i.e. the penalty will be capped at 10.0% of the total gross revenues obtained in Hong Kong for each year of the infringement, up to a maximum of three years pursuant to section 93 of the Competition Ordinance) and make any other order it deems appropriate including all or any of the orders specified in schedule 3 of the Competition Ordinance. The Competition Tribunal also has other broad powers to punish the infringing party which include the following:

- (i) Disgorgement orders;
- (ii) Awards of damages to aggrieved parties;
- (iii) Interim injunctions during investigations or proceedings; and
- (iv) Injunctions and disqualification orders against directors (for up to five years).

In view of the requirements under the Competition Ordinance, we have to ensure that any sales arrangement of our Group is of no object or effect of preventing, restricting or distorting competition in the market at all times.

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Transfer pricing regulation

Provision concerning transfer pricing between associated enterprises can be found in the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) and the comprehensive double taxation agreements (the “DTAs”) between Hong Kong and other countries or territories, including the PRC.

The DTAs contain provisions which require adoption of arm’s length principle for pricing transactions between associated enterprises. The arm’s length principle uses the transactions of independent enterprises as a benchmark to determine how profits and expenses should be allocated for the transactions between associated enterprises. The basic rule for DTAs purposes is that profits tax charged or payable should be adjusted, where necessary, to reflect the position which would have been if the arm’s length principle had been applied instead of the actual price transacted between the enterprises. The Inland Revenue Department issued a Departmental Interpretation and Practice Notes No. 46 in December 2009 which provides a comprehensive guideline on transfer pricing and further issued a Departmental Interpretation and Practice Notes No. 48 in March 2012 which provides a mechanism for taxpayers to pre-agree their transfer pricing arrangements with the Inland Revenue Department.

PRC

Laws and regulations relating to foreign investment

The establishment, operation and management with respect to corporate entities in the PRC are governed by the Company Law of the PRC (中華人民共和國公司法) (the “**Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “**NPC**”) on 29 December 1993, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013. Under the Company Law, companies are generally categorized as limited liability companies and joint stock limited companies. The Company Law applies to both domestic and foreign-invested companies. According to the Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Wholly Foreign-Owned Enterprise

The establishment procedures, approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labor matters with respect to wholly foreign-owned enterprises (the “**WFOE**”) are governed by the Wholly Foreign-Owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated by the NPC on 12 April 1986 and amended on 31 October 2000 and 3 September 2016, and the Implementation Rules under the Wholly Foreign-Owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則), which was promulgated by the State Council on 12 December 1990 and amended on 12 April 2001 and 19 February 2014.

Sino-Foreign Equity Joint Venture Enterprise

The establishment procedures, approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labor matters with respect to Sino-foreign equity joint venture enterprises (the “**EJV**”) are governed by the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), which was promulgated by the

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NPC on 1 July 1979 and amended on 4 April 1990, 15 March 2001 and 3 September 2016, and the Implementation Rules under the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例), which was promulgated by the State Council on 20 September 1983 and amended on 15 January 1986, 21 December 1987, 22 July 2001, 8 January 2011 and 19 February 2014.

Catalog for Guidance on Foreign Investments in Industries

Guidance on foreign investment in different industries in the PRC can be found in the Catalog of Industries for Guiding Foreign Investment (外商投資產業指導目錄) (the “**Catalog**”), jointly issued by the Ministry of Commerce of the PRC (the “**MOFCOM**”) and the National Development and Reform Commission of the PRC (the “**NDRC**”) and such Catalog will be amended and re-promulgated from time to time by these two government authorities.

The current effective version of the Catalog was issued on 10 March 2015 and became effective from 10 April 2015. Catalog contains three genres, catalog of industries in which foreign investment is encouraged, catalog of industries in which foreign investment is restricted, catalog of industries in which foreign investment is prohibited. For industries not mentioned in the Catalog, they are deemed to be catalog of industries in which foreign investment is permissible. Our businesses of production, wholesale, import and export of convenience and frozen food, and production of paper containers in the PRC do not fall into the prohibited or restricted category under the Catalog.

On 2 October 2015, the State Council issued the Opinions of the State Council on the Implementation of the Market Access Negative List System (國務院關於實行市場准入負面清單制度的意見, the “**Negative List System Opinions**”). Pursuant to the Negative List System Opinions, the Negative Lists mainly include the market access negative list and foreign investment negative list. The market access negative list is the consistent administrative measures applicable to domestic and foreign investors as a unified requirement for all market players in respect of access administration. Foreign investment negative list, as the special administrative measures pertinent to foreign investment access, is applicable to the investment and operation activities carried out by foreign investors in the PRC. And the Negative List System will be launched on a pilot basis in some areas from 1 December 2015 to 31 December 2017.

MOFCOM’s New Filing Regime

According to the Decision to Amend Four Laws including the Law of the People’s Republic of China on Wholly Foreign-Owned Enterprises issued by the Standing Committee of the NPC (the “**NPCSC**”) on 3 September 2016 (全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定, the “**Decision**”). According to the Decision, certain provisions of the Law on Sino-foreign Equity Joint Venture, the Law on Sino-foreign Cooperative Joint Venture, the Law on Wholly Foreign-owned Enterprise and the Law on Protection of Taiwanese Investment in Mainland China will be amended with effect from 1 October 2016. Following the Decision, on 8 October 2016, the MOFCOM published the Provisional Administrative Rules on Foreign-Invested Enterprises’ Establishment and Amendment (《外商投資企業設立及變更備案管理暫行辦法》), which became effectiveness upon its publish. On the same date, the MOFCOM and the NDRC jointly issued a circular to further clarify the Decision.

According to these rules, the previous examination and approval regime applicable to the establishment and operation of most foreign-invested enterprises in the PRC has been replaced with a new filing-based system (i.e. for most of the foreign-invested enterprises in the PRC, their

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establishment and major changes during its operation, such as capital increase, change of business scope, etc. will be no longer subject to MOFCOM's prior approval; instead, they may only need to file such establishment or changes after completing the AIC registration), except for those foreign-invested enterprises that fall within the "negative list" (i.e. industrial sectors that cannot benefit from the new filing-based regulatory regime, includes industrial sectors under the "prohibited category", "restricted category" and those within the "encouraged category" that are subject to shareholding and/or senior management requirements) under the Catalog.

Approval on Foreign Invested Projects

Pursuant to the Decision on the Reform of Investment System (關於投資體制改革的決定) promulgated by the State Council on 16 July 2004, the central government of the PRC has the power to determine whether the approval and/or filing system applies to a specific investment. Accordingly, the State Council released the Investment Project Catalog Approved by the Government (2004 Edition) (政府核准的投資項目目錄(2004年本), the "**Government Approval Catalog 2004**") on 16 July 2004. On 2 December 2013, the State Council amended Government Approval Catalog 2004 and released the Investment Project Catalog Approved by the Government (2013 Edition) (政府核准的投資項目目錄(2013年本), the "**Government Approval Catalog 2013**"); on 31 October 2014, the State Council amended the Government Approval Catalog 2013 and released the Investment Project Catalog Approved by the Government (2014 Edition) (政府核准的投資項目目錄(2014年本); on 12 December 2016, the State Council amended the Government Approval Catalog 2014 and released the Investment Project Catalog Approved by the Government (2016 Edition) (政府核准的投資項目目錄 (2016年本), the "**Government Approval Catalog 2016**"). Under the Government Approval Catalog 2016, any enterprise engaged in an enterprise investment project that falls in one or more listed items therein is subject to approvals of central government or competent local government (as the case may be). Enterprise investment projects other than those listed in the Governmental Approvals Catalog 2016 should be filed with the competent administrative department of the government.

The Administrative Measures for Approval and Filing of Foreign Investment Projects (外商投資項目核准和備案管理辦法) was promulgated on 17 May 2014 and amended on 27 December 2014. Pursuant to the Administrative Measures for Approval and Filing of Foreign Investment Projects, foreign invested projects shall be approved by or filed with the competent government authorities.

Laws and regulations relating to convenience and frozen food industry

Regulatory Environment for the Convenience and Frozen Food Industry in PRC

The convenience food industry is governed by various PRC laws and regulations, including but not limited to the Food Safety Law of the PRC (中華人民共和國食品安全法, the "**Food Safety Law**"), the Administrative Measures for Food Recall (食品召回管理辦法), the Measures for the Administration of Food Production Licensing (食品生產許可管理辦法, the "**Food Production Licensing Measures**"), the Regulations of the PRC on the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證管理條例, the "**Production License Regulations**"), the Administrative Measures for Food Business Licensing (食品經營許可管理辦法) (the "**Food Business Licensing Measures**"), the Measures for the Administration of the Safety of Imported and Exported Food (進出口食品安全管理辦法, the "**Imported and Exported Food Measures**"), the Administrative Provisions on the Record Filing of Export Food Production Enterprises (出口食品生產企業備案管理規定, the "**Export Record Filing Provisions**"). A summary of key provisions of such laws and regulations is set out below.

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Food Safety

In accordance with the Food Safety Law which was promulgated on 28 February 2009 and amended on 24 April 2015 and became effective on 1 October 2015 and Regulations for the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例, the “**Implementation Rules on the Food Safety Law**”) promulgated and implemented on 20 July 2009, as amended on 6 February 2016, new requirements, both general and specific, are set forth, applicable not only to foods and food additives, but also to food related products and other specific food products (e.g. genetically modified foods, health foods, infant formula foods, formulated foods for special medical purposes, etc.). A licensing system has been placed for food production and operation. Whoever intends to engage in food production, food distribution and catering services shall obtain licensing in accordance with the law, provided, however, that licensing is not required for the sale of edible agricultural products. Production licensing shall apply to packaging materials that are in direct contact with food and other high-risk food-related products in accordance with the State’s provisions on licensing management over the production of industrial products.

In addition, the Food Safety Law also extends its regulatory scope to food storage and transportation as well as stipulates new requirements in respect of food catering service providers. According to the Food Safety Law, containers, tools and facilities used for food storage, transportation and loading/unloading shall (i) be safe and harmless, (ii) be kept clean to prevent any food from contamination, and (iii) meet any special requirements (in respect of temperature, humidity, etc.) necessary for maintaining food safety. Food shall be stored and transported separately from any poisonous or hazardous materials. Food producers are required to establish and implement certain control standards on food transportation and delivery. In addition, the Food Safety Law mandates that online food traders shall register its real name on the platform, and clearly set forth the traders’ responsibilities and the platform providers’ examination duties.

Employee Health Examination System and Health Record System

In accordance with the Food Safety Law as well as the Implementation Rules on the Food Safety Law, food producers and business operators are required to establish and implement the employee health examination system and health record system. Persons suffering from the diseases that impede food safety as prescribed by the health administrative department of the State Council shall not engage in work in contact with ready-to-eat food. Personnel of food producers and business operators shall undergo annual health check and may undertake duties only upon obtaining health certificates.

Procurement Check Record System and Food Ex-factory Inspection System

In accordance with the Food Safety Law as well as the Implementation Rules on the Food Safety Law, food producers shall examine the relevant licenses and eligibility certification documents of the suppliers when purchasing food ingredients, food additives and food-related products. If the relevant eligibility certification documents are unavailable, food ingredients shall be inspected in accordance with food safety standards. Food ingredients, food additives or food-related products shall not be procured or used if they do not meet the food safety standards. Food production enterprises are required to establish a record system for inspection of procured food ingredients, food additives and food-related products, and truthfully record the names, specifications, quantities, production date or batch number, shelf life and purchase date of the food

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raw materials, names and contact information of suppliers, dates of purchase, etc. of food ingredients, food additives and food-related products. The inspection records for procured food ingredients, food additives and food-related products shall be true, and shall be retained for at least six months after the expiry of the shelf life of the product. If there is no shelf life, the records and certificates shall be kept for at least two years. Food production enterprises are also required to establish a record system for ex-factory inspection of foods, check the inspection certificate and safety status of foods exiting factory, and record truthfully the names, specifications, quantities, dates of production, production batch number, shelf life, serial numbers of the certificate of testing conformity, number of inspection certificates, names and contact methods of purchasers, dates of sales, etc. of foods. The ex-factory inspection records of foods shall be true, and shall be retained for at least six months after the expiry of the shelf life of the product. If the product does not have a shelf life, the records and certificates shall be kept for at least two years. Food producers and business operators may carry out the inspection of their products by themselves or through qualified inspectors pursuant to the Food Safety Law.

The Packages of Pre-packed Food

Under the Food Safety Law and Implementation Rules on the Food Safety Law, packages of pre-packed food shall bear labels stating the information as required by laws, regulations or food safety standards, including but not limited to net weight, date of production, list of ingredients, name, address and contact details of the producer, shelf life, product standard code, storage conditions, common names of the food additives used in the national standards and serial number of food production permit.

Food Recall System

A food recall system has been established in the PRC in accordance with the Food Safety Law and the Implementation Rules on the Food Safety Law. A food producer shall, upon discovering that the food produced by itself does not comply with the food safety standards, immediately stop production, recall the food from the market, notify the relevant business operators and consumers, and record information of the recall and notification. A food business operator shall, upon discovering that the food in its business operations falls within the above descriptions, forthwith cease business operation, notify the relevant food business operators and consumers, and record information of cessation of business operation and notification. Where the food producer deems that recall of the food is necessary, the food shall be recalled forthwith. The food producers and business operators shall carry out innocuous treatment and destruction measures for recalled food to prevent the recalled food from re-circulation in the market, and report the information of recall and treatment of the food to the local branch of the China Food and Drug Administration (the “CFDA”) at or above the county level. Where the food producers or business operators fail to recall or cease business operation pursuant to the law, the local branch of the CFDA, State Administration for Industry and Commerce (the “SAIC”) at and above the county level may order them to recall or cease business operation. A food producer or business operator shall faithfully record the name, trademark, specifications, production date, production batches, quantity and other information concerning the unsafe product that is recalled and disposed of, whose production and business operations are stopped. Such records shall be kept for at least two years.

On 11 March 2015, CFDA promulgated the Administrative Measures for Food Recall (食品召回管理辦法), which came into effect on 1 September 2015. The Administrative Measures for Food Recall provides for detailed rules on the food recall system. Where a food producer or

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business operator finds the food it produces or trades is unsafe, it shall forthwith cease production or operation, inform by ways of notification or announcement, the related food producers or business operators to cease production or operation of such food and consumers to cease eating such food, and take necessary measures to prevent and control risks of food safety.

Supervision on the Use of Food Additives

Pursuant to the Food Safety Law, food additives shall be used where genuinely necessary in technical aspects and shall be proven to be safe and reliable upon risk assessment. A food producer shall maintain a procurement check record system with respect to food additives, and use food additives in accordance with the national food safety standards. The Food Safety Law has also prohibited the production or operation of certain food additives which may be detrimental to human health.

In accordance to the Administrative Measures on New Food Additives (食品添加劑新品種管理辦法), which was promulgated on 30 March 2010, food additives shall be used where genuinely necessary in technical aspects and shall be proven to be safe and reliable upon risk assessment. An organization or individual applying for manufacturing, operation, use or importation of new additives, shall submit application for approval. The National Health and Family Planning Commission shall be responsible for examination of approval of new food additives and decide to grant permit for a new additive pursuant to technical review conclusion, and make an announcement.

Food Labelling Management System

In accordance to the Administrative Provisions on Food Labeling (食品標識管理規定), which was promulgated on 27 August 2007 and amended on 22 October 2009, labeling shall be tagged to food or the packaging thereof, except for food which may be exempted from labeling pursuant to the provisions of the laws and administrative regulations. The contents of food labeling shall be true and accurate, easy to read and understand, scientific and lawful. The food name, the place of food origin, the name and address of the manufacturer, the production date and expiry date, the ingredients list, the serial number of standards implemented, and some necessary warning signs or Chinese explanatory notes shall be stated in food labeling. As well, the food labeling shall not be separated from the food or the packaging thereof, and shall be directly attached to food in the smallest saleable unit or the packaging thereof.

Licensing for Food Production

In accordance with the Food Production Licensing Measures, which was promulgated on 19 April 2010, amended on 31 August 2015 and came into effect on 1 October 2015, the CFDA is responsible for the centralized administration of production license for food production, and the competent authorities of the county level or above for industrial production license are responsible for the administration of production license for food within their own jurisdictions and the imposition of penalties on acts in violation of the relevant regulatory requirements. The effective term of a food production license is 5 years. No entity or individual may manufacture the food products without obtaining the food production license.

Prior to the Food Production Licensing Measures taking into effect, Production License Regulations were governing the industry of food production. In accordance with the Production License Regulations, which was promulgated by the State Council and came into effect on and the

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Measures for the Implementation of the Regulations of the PRC for the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證管理條例實施辦法), which were promulgated by General Administration of Quality Supervision, Inspection and Quarantine (the “GAQSIQ”) and came into effect on 1 November 2005 and amended on 21 April 2010 and 21 April 2014, GAQSIQ was responsible for the centralized administration of production license for industrial products, and the competent authorities of the county level or above for industrial production license are responsible for the administration of production license for industrial products within their own jurisdictions and the imposition of penalties on acts in violation of the relevant regulatory requirements. According to the Production License Regulations, the PRC government implemented a production license administration system in respect of enterprises manufacturing certain important industrial products listed in the catalog of the industrial products subject to the production licensing system (the “**Licensing Catalog**”) such as packaging materials that directly contact with food. In accordance to the latest version of Licensing Catalog, which was promulgated by the GAQSIQ on 30 October 2016, manufacturing food was no longer a listed catalog that requests a production license issued by the GAQSIQ.

In accordance with the Food Production Licensing Measures and The Circular on Initiating the New Version of Food Production License (國家食品藥品監督管理總局公告2015年第198號—關於啟用新版《食品經營許可證》的公告, the “**Circular 198**”), the Circular on Initiating the Food Production License (國家食品藥品監督管理總局公告2015年第198號—關於啟用新版《食品經營許可證》的公告, the “**Circular 198**”), and the Circular Concerning the Implementation of the Measures for the Administration of Food Production Licensing (國家食品藥品監管總局關於貫徹實施《食品生產許可管理辦法》的通知, the “**Food Production License Notice**”), which were all issued by the CFDA on 30 September 2015, enterprises that have food production license issued by the GAQSIQ, with the need to continue the production upon expiry of the food production license, are required to file an application for renewal of the license with the original licensing authority within 30 business days prior to the expiry of the effective term of the food production license, and in any event, no later than 30 September 2018. Where no application is filed for renewal of license upon expiry and the enterprise intends to continue the production of food afterwards, it shall file a new application for re-issuance of the license and a new serial number of the license, the effective term of which shall be counted from the date of approval.

Import and Export of Goods

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法, the “**Foreign Trade Law**”), which was promulgated by the NPC on 12 May 1994 and became effective on 1 July 1994, as amended on 6 April 2004 and 7 November 2016, as well as the Measures for the Record-Filing and Registration of Foreign Trade Operators (對外貿易經營者備案登記辦法) which was promulgated by the MOFCOM on 25 June 2004 and became effective on 1 July 2004, as amended on 18 August 2016, foreign trade operators engaged in the import and export of goods shall register with the authority responsible for foreign trade under the State Council or its authorized agencies, unless laws, regulations and the authority responsible for foreign trade under the State Council do not so require. Foreign trade operators that have not filed for registration as required will be declined by the PRC Customs authority to process the procedures of declaration, examination and clearance for import and export of goods.

The record-filing and registration formalities to be completed by foreign-invested enterprises are further set forth under the Circular of the Ministry of Commerce on Relevant Issues Concerning the Record Keeping and Registration of the Right to Foreign Trade by Foreign-invested Enterprises (商務部關於外商投資企業外貿權備案登記有關問題的通知), which was promulgated by the MOFCOM on 17 August 2004.

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Pursuant to the Customs Law of the PRC (中華人民共和國海關法) which was promulgated by the NPC on 22 January 1987, and amended on 8 July 2000, 29 June 2013, 28 December 2013 and 7 November 2016 and related regulations, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted Customs brokers that have registered with the PRC Customs authority. The consignees and consignors for import or export goods and the Customs brokers engaged in Customs declaration shall register with the PRC Customs authority.

Pursuant to the Regulations of PRC Customs on Administration of Registration of Declaration Entities (中華人民共和國海關報關單位註冊登記管理規定) which was promulgated by the General Administration of Customs on 13 March 2014, consignors or consignees for import or export goods shall go through registration formalities with their local Customs authorities in accordance with the applicable provisions. After going through the registration formalities with local Customs authorities, consignors or consignees for import or export goods may handle their own declarations at any customs port or any other places where customs supervisory affairs are concentrated within the customs territory of the PRC.

Export Record Filing

The Administrative Provisions on the Record Filing of Export Food Production Enterprise (出口食品生產企業備案管理規定), which was promulgated on 26 July 2011 and became effective on 1 October 2011, as amended on 18 October 2016 stipulates that the PRC shall implement the system of record-filing of export food production enterprises, and the effective term of the record-filing certificate is four years. If any export food production enterprise fails to fulfill its statutory obligation of record-filing or its record-filing is found by examination not to comply with requirements, the enterprise's products shall not be allowed for export.

The Law on Import and Export Commodity Inspection and Relevant Implementation Regulations

The Measures for the Safety Administration of Imported and Exported Food (進出口食品安全管理辦法), which was promulgated by the NPC on 13 September 2011 and became effective on 1 March 2012, as amended on 18 October 2016, the GAQSIQ is in charge of the supervision and administration of the safety of imported and exported food nationwide. The GAQSIQ shall implement registration management over the overseas manufacturers of imported food, record-filing management over the exporters or agents that export food to the PRC, inspection of imported food, record-filing management over the manufacturers of exported food, supervision and spot check of exported food, classified management of imported and exported food, and credit management over manufacturers and business operators of imported and exported food.

The PRC Law on Import and Export Commodity Inspection (中華人民共和國進出口商品檢驗法), which was promulgated by the NPC on 21 February 1989 and amended on 28 April 2002 and 29 June 2013, and its Implementation Regulations (中華人民共和國進出口商品檢驗法實施條例) which was promulgated by the former State Bureau of Import and Export Commodities Inspection on 23 October 1992 and promulgated by the State Council on 31 August 2005 and amended on 18 July 2013, 6 February 2016 and 1 March 2017, specifies that the imported and exported commodity listed in the index shall be inspected by the qualified inspection institution.

Regulations on Import and Export Duties

The Regulations of the PRC on Import and Export Duties (中華人民共和國進出口關稅條例), which was promulgated on 12 September 1987 and amended by the State Council on 18 March 1992, 23 November 2003, 7 December 2013, 6 February 2016 and 1 March 2017, pursuant to which

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the consignees of imports, consignors of exports and owners of articles brought into the country shall pay customs duties. Taxpayers shall make a legal and factual declaration to the Customs and submit all documents required to determine the dutiable value, commodity categorization, place of origin, and documents required for implementation of anti-dumping, countervailing or safeguard measures in accordance with Customs regulations. Taxpayers shall also make payment of the duties to the designated bank within 15 days from the date of issue of payment notice by the Customs.

Printing Business

The Regulations on the Administration of Printing Industry (印刷業管理條例, the “**Printing Industry Regulations**”) were promulgated by the State Council and came into force on 2 August 2001, as amended on 6 February 2016 and 1 March 2017. These regulations regulate the operations of printing publications, as well as the packaging and decoration materials on printing objects, such as paper, metal and plastic. Pursuant to the Printing Industry Regulations, no one is allowed to engage in the printing business without obtaining a printing license. The printing license may not be leased, lent or transferred by any means.

Other rules and regulations for the printing industry that impact the packaging industry include:

The Administrative Regulations on Fulfilling Printing Orders (印刷品承印管理規定, the “**Printing Orders Regulations**”), which were issued by the General Administration of Press and Publication together with the Ministry of Public Security and took effect on 1 September 2003. Under the Printing Orders Regulations, companies engaged in the printing business are required to verify clients’ legal documents, such as business licenses and trademark registration certificates, and to file the printing records kept by the companies with the competent authorities.

Pursuant to the Measures on Administration of Bar Code (商品條碼管理辦法) issued by GAQSIQ on 30 May 2005 and the Implementation Measures on Identification of Printing Qualification of Bar Code (商品條碼印刷資格認定工作實施辦法) issued by the former State Bureau of Quality and Technical Supervision on 19 July 2000, enterprises engaged in the business of printing bar codes are encouraged to obtain qualification certificates issued by an organization under the State Bureau of Quality and Technical Supervision. The qualification certificates are valid for three years and can be renewed upon application within two months before expiry.

According to the Interim Provisions on the Establishment of Foreign-invested Printing Enterprises (設立外商投資印刷企業暫行規定), jointly issued by the former General Administration of Press and Publication and the former Ministry of Foreign Trade and Economic Cooperation on 29 January 2002 and amended on 28 August 2015, approvals by the General Administration of Press and Publication are required for the establishment of foreign-invested enterprises engaged in the printing business. Enterprises conducting printing publications business are limited to EJV while enterprises conducting printing packaging and decoration materials are permitted to be WFOEs. In addition, foreign-invested printing enterprises are not allowed to set up branches.

The Interim Measures on the Qualifications of Printing Operators (印刷業經營者資格條件暫行規定) issued by the former General Administration of Press and Publication on 9 November 2001 and amended on 28 August 2015, specified the qualifications required for enterprises engaged in printing operations. Printing operators must satisfy such qualification requirements in order to obtain approvals for their establishment and printing licenses from the General Administration of Press and Publication.

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Laws and regulations relating to food distribution business

Wholesale Distribution Business

Foreign investments in wholesale business are principally governed by the PRC Law on Sino-Foreign Equity Joint Venture Enterprises, the PRC Law on Sino-Foreign Cooperative Joint Venture Enterprises, and the PRC Law on Wholly Foreign-Owned Enterprises, according to which a foreign-invested enterprise is allowed to sell its products in the PRC.

Online Retail Business

According to the Notice of the General Office of the Ministry of Commerce on the Relevant Issues Concerning the Examination, Approval and Administration of Projects of Foreign Investment in Internet and Vending Machine Sales (商務部辦公廳關於外商投資互聯網、自動售貨機方式銷售項目審批管理有關問題的通知) promulgated by the MOFCOM on 19 August 2010, foreign-invested enterprises are allowed to engage in online direct sales (i.e., sale of goods through the Internet). When conducting online sales business, foreign-invested enterprises shall disclose its business license and approval certificate at an eye-catching spot on the operating website.

In order to promote healthier online sales of food products, and offer more protection to consumer rights, the Food Safety Law mandates that third-party online food trading platform providers demand a real-name registration by food operators on the platform, and clearly set forth the operators' responsibilities; the platform providers also have a duty to examine the licenses of food producers and operators where such licenses are applicable.

Food Wholesale Business

The Food Safety Law has provided specific provisions regarding internal management of foods wholesale business enterprises.

Food wholesale business enterprises shall establish a records system for sale of food, truthfully record the description, specifications, quantity, date of manufacture or production batch, shelf life and date of sale of wholesale food as well as the name, address, contact details of buyers etc., and retain the relevant documentation. The records and documentation shall be kept at least up to six months upon expiry of the product's shelf life; where the shelf life is not specified, the records and documentation shall be kept at least for two years.

According to the Administrative Measures for Food Business Licensing (食品經營許可管理辦法), which was promulgated on 31 August 2015 and became effective on 1 October 2015, a food business license shall be lawfully obtained prior to engaging in activities of food sales and catering services and the license is valid for 5 years. Food operators shall properly keep the food business license, and shall not forge, alter, sell, lease, lend or transfer such license. Also, food operators shall hang or place the original food business license in a prominent location at the business venue. The original Food Circulation License and Catering Services License shall be merged into the Food Business License and the licenses obtained before the implementation of the Administrative Measures for Food Business Licensing shall continue to be valid within the valid period.

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Laws and regulations relating to product quality

Product Quality

Manufacturers and sellers of defective products in the PRC may incur liability for losses and injury caused by such products. Under the General Principles of the Civil Laws of the PRC (中華人民共和國民法通則), which became effective on 1 January 1987 and amended on 27 August 2009, the manufacturer or retailer of defective products which cause damage to any person's property or body shall assume civil liability pursuant to the law.

In accordance with the Product Quality Law of the PRC (中華人民共和國產品質量法, the “**Product Quality Law**”), promulgated on 22 February 1993 and amended on 8 July 2000 and 27 August 2009, manufacturers and sellers are responsible for the product quality according to the law.

Under the Product Quality Law, responsibilities and obligations of manufacturers for the products include: (i) be responsible for the quality of products produced by them; (ii) description of the products or the package of products shall be true to the fact; (iii) not to produce products expressly phased out by the State; (iv) not to forge or falsely use product quality marks, such as authentication marks; (v) not to mix impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a defective product as a qualified one in the production; (vi) to ensure that, for products that are fragile, inflammable, explosive, toxic, erosive or radioactive and products that cannot be handled up-side-down in the process of storage or transportation or for which there are other special requirements, the packaging thereof shall meet the corresponding requirements, carry warning marks or warning notes written in Chinese to highlight the way of handling that calls for attention. Responsibilities and obligations of sellers for the products include: (i) to adopt a check-for-acceptance system for stock replenishment to examine the quality certificates and other identifications of such stock; (ii) to take measures in maintaining good quality of the products for sale; (iii) not to sell defective or deteriorated products or products which have been publicly ordered to cease sales; (iv) to sell products with labels that comply with the Product Quality Law; (v) not to forge or falsely use product quality marks, such as authentication marks; (vi) not to mix impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a defective product as a qualified one in the sale of products.

A manufacturer or seller in breach of the above responsibilities and obligations shall be liable for civil compensation. If personal injury is caused by the defective product, the manufacturer or seller shall pay for medical expenses, nursing expenses during medical treatment and lost income due to absence from work to the victim; if the personal injury has resulted in disability, the manufacturer or seller shall also be responsible for the expenses for self-supporting equipment, living allowances, compensations for the disabled person and the living expenses necessary for those who were supported by the disabled person; if death is caused, the manufacturer or seller shall pay for the funeral expenses, compensations and the living expenses necessary for those who were supported by the dead. If the defective product causes losses in property of the injured party, the manufacturer or seller shall restore the property to its original state or pay compensation at the depreciated price. If the injured party suffers other major losses as a result thereof, the injuring party shall compensate for such losses. The authorities shall order suspension of production or sale, confiscate the products illegally produced or sold, impose a fine and confiscate the unlawful proceeds (if any) therefrom. Where the case is serious, the business license shall be revoked. Where a criminal offense is constituted, the offenders shall be pursued for criminal liabilities.

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The QS Rules, which came into effect on 1 September 2005, established a market entrance permit system to ensure the quality and safety of food production and processing enterprises pursuant to the Production License Regulations. According to the QS Rules, any enterprise engaging in food production and processing shall obtain a food production permit, and ensure that all the produced or processed foods pass relevant inspection and be labeled with market entrance permit marks (i.e. the “QS” mark) before they are sold. GAQSIQ and its local offices are responsible for the administration and supervision of the quality and safety of food production and processing enterprises, including, among other things, issuing food production permits and exercising mandatory inspection on products of such enterprises. If an enterprise fails to comply with the QS Rules, it may, depending on the circumstances of the case, be subject to warning, rectification order, confiscation of illegal products and proceeds, fine, order to cease production and sale, revocation of food production permit, or even criminal liability.

On the other hand, in accordance to the Food Production License Notice, the QS Rules are no longer applying to the enterprise engaging in food production and processing. Instead, any enterprise engaging in food production and processing shall obtain a food production license issued by CFDA, and further ensure that all the produced or processed foods pass relevant inspection and be labeled with market entrance permit marks (i.e the “SC” mark) before they are sold. Meanwhile, enterprises that have food production license issued by the GAQSIQ, with the need to continue the selling the products with the QS mark upon expiry of the food production license, are required to update the packaging with the SC mark no later than 30 September 2018.

The Special Rules of the State Council on Strengthening the Supervision and Management of the Safety of Food and Other Products (國務院關於加強食品等產品安全監督管理的特別規定), which was promulgated by the State Council and took effect on 26 July 2007, has specified the responsibilities of food producers and business operators to ensure food safety. Producers and business operators shall be responsible for the safety of products produced or sold by them, and shall not produce any product not satisfying statutory requirements. Where a production enterprise discovers that the products it produced have potential safety risk, which might cause harm to human health and life safety, it shall make public the relevant information, inform sellers and consumers to stop selling or using the products, take initiative to recall the products, and report the case to the regulatory authorities concerned. Sellers who discover the products it sells have potential safety risk, which might cause harm to human health and life safety shall forthwith stop sell such products, inform the producer or supplier thereof, and report the case to the regulatory authorities concerned.

The Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法), which was promulgated on 31 October 1993 and amended on 25 October 2013, and came into effect on 15 March 2014, has also provided protection for customers regarding the food safety. Business operators shall ensure the requisite quality, function, use and shelf life of their goods under normal use of goods, except where a consumer is aware of the defect before purchase of the goods, and the defect does not violate the mandatory provisions of the law. Business operators demonstrating the quality of their goods or services by way of advertisement, product demo, actual samples or any other methods shall ensure that the actual quality of their goods is consistent with the demonstrated quality.

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The Tort Liability Law of the PRC (中華人民共和國侵權責任法), which was promulgated on 26 December 2009 and came into force on 1 July 2010, stipulates that in the event of product defects which have caused others to suffer damages, the manufacturer shall bear tort liability. In the event of damages caused by product defects, the infringed party may seek compensation from the manufacturer of the products or the seller of the products. Where the product defects are caused by the manufacturer, the seller shall have the right to seek recourse against the manufacturer after the seller has made compensation. In the event of product defects as a result of the negligence of seller, transporter or warehouse, etc., the manufacturer shall have the right to seek recourse against the seller after the manufacturer has made compensation. Also, in the event of product defects which compromise the personal safety or property safety of others, the infringed party shall have the right to request that the manufacturer and the seller bear tort liability such as elimination of obstruction, elimination of danger, etc.

Product Standardization

The Standardization Law of the PRC (中華人民共和國標準化法, the “**Standardization Law**”), which was promulgated on 29 December 1988 and came into force on 1 April 1989, has formed the legal framework for the development of standard directives and their applications by all industries and sectors nationwide. The tasks of standardization work include the formulation of standards, the implementation of the standards and the supervision over the implementation of the standards. National standards and industrial standards are classified as compulsory standards and voluntary standards. Those standards created for safeguarding human health and ensuring the safety of the person and of property as well as those standards for compulsory implementation as prescribed by the laws and administrative rules and regulations shall be compulsory standards, while the others shall be voluntary standards.

According to the Regulations for the Implementation of the Standardization Law of the PRC (中華人民共和國標準化法實施條例) promulgated on 6 April 1990, the compulsory standards include: (i) standards for pharmaceuticals, food hygiene and veterinary medicine; (ii) safety and hygiene standards for products and the production, storage and transportation and utilization of products; standards for the safety of labor and hygiene standards and safety standards for transportation; (iii) quality, safety and sanitation standards for project construction and other standards for project construction that must be controlled by the State; (iv) standards for the discharge of pollutants and standards for environment quality; (v) important technical terms, symbols, codes and drafting methods in common use; (vi) standards on universal methods of experimentation and examination; (vii) standards for conversion and coordination; and (viii) quality standards for important products which need to be controlled by the State.

Enterprises producing, selling or importing products which do not conform to the compulsory standard may be ordered to cease operations. The SAIC may also confiscate non-standardized products and illegal gains derived therefrom. Criminal liabilities may also be pursued for serious violation of the Standardization Law and its Implementation Regulations. Standard certificates obtained by enterprises in violation of the Standardization Law and its Implementation Regulations may be revoked.

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Product Packaging

As required by the General Principles on the Production License for Food Packaging, Containers, Tools, and Other Products (食品用包裝、容器、工具等製品生產許可通則) and the Detailed Examination Rules on Production License for Plastic-made Food Packaging, Containers, Tools, and Other Products (食品用塑膠包裝、容器、工具等製品生產許可審查細則), which were promulgated by GAQSIQ on 18 July 2006, and by the Implementation Rules on Production License for Paper-made Food Packaging, Containers, and Other Products (食品用紙包裝、容器等製品生產許可實施細則), which was promulgated by GAQSIQ on 18 June 2007, any enterprise that has not obtained a production license for a product listed in the Licensing Catalog shall be prohibited from producing such product.

Laws and regulations relating to competition and anti-monopoly

Anti-Monopoly Law

Pursuant to the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法, the “**Anti-Monopoly Law**”), which was promulgated on 30 August 2007 and effective from 1 August 2008, “dominant market position” shall refer to a position where an operator may manipulate the price, volume and other trade conditions of commodity on relevant market, or may obstruct or otherwise effect the entrance of other operators into relevant markets. Operators who hold a dominant market position shall be prohibited from engaging in such practices which may be classified as an abuse of said position as: (a) selling products at unfairly high or unfairly low prices, (b) selling products at a price lower than cost without legitimate grounds, (c) refusing to trade with the other trading party without legitimate grounds, (d) forcing the other trading party to trade only with said operator or other operators specified by said operator without legitimate grounds, (e) conducting tie-in sales or adding other unreasonable conditions on a deal without legitimate grounds, (f) discriminating among trading parties of the same qualifications with regards to trade price, etc. without legitimate grounds, or (g) other practices recognized by the anti-monopoly law enforcement authorities as abuse of dominant market position. Furthermore, where an operator violates the provisions of the Anti-Monopoly Law by abusing dominant market position, the anti-monopoly law enforcement authorities shall order a halt to the offending behavior, confiscate the illegal earnings, and impose a fine from 1% to 10% of the previous year’s sales revenue.

Competition Law

Competitions among the business operators are generally governed by the Law of the PRC for Anti-Unfair Competition (中華人民共和國反不正當競爭法, the “**Anti-Unfair Competition Law**”), which was promulgated on 2 September 1993 and became effective on 1 December 1993. According to the Anti-Unfair Competition Law, when trading on the market, operators shall abide by the principles of voluntaries, equality, fairness, honesty and credibility, and observe generally recognized business ethics. Acts of operators which contravene the provisions of the Anti-Unfair Competition Law, with a result of damaging the lawful rights and interests of other operators, and disturbing the social and economic order shall constitute unfair competition. When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it or he may institute proceedings in a people’s court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-Unfair Competition law and causes damage to another operator, it or he shall bear the responsibility for compensating for the damages. Where the losses

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suffered by the injured operator are difficult to calculate, the amount of damages shall be the profit gained by the infringer during the period of infringement through the infringing act. The infringer shall also bear all reasonable costs paid by the injured operator in investigating the acts of unfair competition committed by the operator suspected of infringing its or his lawful rights and interests.

Price Law

Pursuant to the Price Law of the PRC (中華人民共和國價格法, the “**Price Law**”), which was promulgated on 29 December 1997 and effective on 1 May 1998, the operators shall, in determining prices, abide by the principle of fairness, being in conformity with law, honesty and credibility. And production and management costs and market supply and demand situation shall be the fundamental basis for the determination of prices by the operators.

The operators shall, in selling, procuring commodities and providing services, display the clearly marked price in accordance with the provisions of the competent departments of price of the government. And the operators shall not sell commodities with additional price besides the marked price and shall not collect any fee not indicated. Furthermore, the operators shall not commit such unfair price acts as manipulating market price in collusion to the detriment of the lawful rights and interests of other operators or consumers and so on. Any operator who commits any of the unfair price acts prescribed in the Price Law shall be ordered to make a rectification, confiscated of the illegal gains and may be concurrently imposed a fine of less than five times of the illegal gains; where the circumstances are serious, an order shall be issued for the suspension of business operations for consolidation, or the business license revoked by the SAIC. In addition, any operator who causes consumers or other operators to pay more prices for illegal price acts should refund the portion overpaid; where damage has been caused, liability for compensation shall be borne according to law. And any operator who violates the provision of clearly marking prices shall be ordered to make a rectification, confiscated of the illegal gains and may be concurrently imposed a fine of less than RMB5,000.

Laws and regulations relating to intellectual property rights

Trademark

Overview of Trademark Administration

As required by the Trademark Law of the PRC (中華人民共和國商標法, the “**Trademark Law**”), which was effective on 1 March 1983 and amended on 22 February 1993, 27 October 2001 and 30 August 2013 and came into effect on 1 May 2014, and the Regulation for the Implementation of Trademark Law of the PRC (中華人民共和國商標法實施條例), which was effective on 15 September 2002 and amended on 29 April 2014, the Trademark Office of the State Administration of Industry and Commerce (the “**Trademark Office**”) shall be responsible for the registration and administration of trademarks throughout the country. The Trademark Review and Adjudication Board of the SAIC under the State Council shall be responsible for handling trademark disputes.

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Registered trademarks refer to trademarks that have been approved and registered by the Trademark Office, which include commodity trademarks, service trademarks, collective marks and certification marks. The trademark registrant shall enjoy an exclusive right to use the trademark, which shall be protected by law. Any visible mark in the form of word, graphic, alphabet, number, 3D (three-dimension) mark, color combination or the combination of these elements that can distinguish the commodities of the natural person, legal person or other organizations from those of others can be registered as a trademark. A trademark for which an application is filed for registration shall possess distinctive characteristics to facilitate identification, and shall not go against the legitimate right previously obtained by others. A trademark registrant is entitled to tag the words “Registered Trademark” or a sign indicating that it is registered.

A public announcement shall be made upon completion of a preliminary examination of the trademark pending for registration by the Trademark Office. Any person with pre-existing right or interests may, within three months from the date of publication, file an opposition against the trademark that has been preliminarily approved upon examination. If no objection has been received upon expiry of the said period, the registration shall be approved, a certificate of trademark registration shall be issued and the trademark shall be published. The valid period of a registered trademark is ten years from the date of the approval for registration. Where the registrant intends to continue to use the registered trademark beyond the expiry of the validity period, an application for renewal of the registration shall be made within twelve months before the said expiry. Where no application therefor has been filed within the said period, a grace period of six months may be allowed. If no application has been filed before the expiry of the grace period, the registered trademark shall be cancelled. The validity period of each renewal of registration shall be ten years. Any renewal of registration shall be published after it has been approved.

Any trademark registrant may, by signing a trademark license contract, authorize other persons to use registered trademark. The licensor shall supervise the quality of the goods in respect of which the license uses his registered trademark, and the licensee shall guarantee the quality of the goods in respect of which the registered trademark is used.

Any of the following acts shall be deemed an infringement upon the right to exclusive use of a registered trademark: (i) using a trademark which is identical to a registered trademark on the same kind of commodities without a license from the registrant of the registered trademark; (ii) using a trademark which is similar to a registered trademark on the same kind of commodities, or using a trademark that is identical to or similar to the registered trademark on similar commodities without a license from the registrant of the registered trademark, which is likely to cause confusion; (iii) selling commodities that infringe upon the right to exclusive use of a registered trademark; (iv) counterfeit or unauthorized production of the label of another’s registered trademark, or sale of any such label that is counterfeited or produced without authorization; (v) changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of the registered trademark; (vi) providing, intentionally, convenience for activities infringing upon others’ exclusive right of trademark use, and facilitating others to commit infringement on the exclusive right of trademark use; or (vii) causing other damage to the right to exclusive use of a registrant of a registered trademark.

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Well-known Trademark Administration

As required by the Trademark Law, Provision for the Determination and Protection of Well-known Trademarks (馳名商標認定和保護規定), which was effective on 1 June 2003 and amended on 3 July 2014, well-known trademarks refer to reputable trademarks well known to the relevant public in the PRC. The following factors shall be taken into consideration in the determination of a well-known trademark, on the premises that the trademark is not required to satisfy all of these factors: (i) the popularity of the trademark among the relevant public; (ii) the duration in which the trademark is in continued use; (iii) the duration, extent and geographical coverage of any advertisement of the trademark; (iv) records of the protection of the trademark as a well-known trademark; and (v) other factors contributing to the popularity of a trademark.

Having received an application for the protection of a well-known trademark, the Trademark Office shall make a decision within a period as stipulated by related provisions of Trademark Law.

If a trademark of identical or similar commodities for which an application for registration is filed is the copy, imitation or translation of a well-known trademark of others which has not been registered in the PRC, and is likely to cause confusion, it shall not be registered and shall be prohibited from use. If a trademark of different or dissimilar commodities for which an application for registration is filed is the copy, imitation or translation of a well-known trademark of others which has been registered in the PRC, and is likely to mislead the public and lead to possible damage to the interests of the registrant of such well-known trademark, it shall not be registered and shall be prohibited from use.

Patent Law

Patents in the PRC are mainly protected under the Patent Law of the PRC (中華人民共和國專利法, the “**Patent Law**”), which was passed by the Standing Committee of the NPC on 12 March 1984 and amended on 4 September 1992, 25 August 2000 and 27 December 2008, and its Implementation Rules (中華人民共和國專利法實施細則), which were promulgated by the State Council on 15 June 2001 and amended on 28 December 2002 and 9 January 2010. The Patent Law and its Implementation Rules provide for three types of patents, “invention”, “utility model” and “design”. “Invention” refers to any new technical solution relating to a product, a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and “design” refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for “invention” is 20 years, and the duration of a patent right for “utility model” or “design” is 10 years, from the date of application.

Domain Names

The Measures for the Administration of Domain Names for the Chinese Internet (中國互聯網絡域名管理辦法, the “**Domain Name Measures**”) were promulgated by the then existing Ministry of Information Industry on 5 November 2004, and came into effect on 20 December 2004. The Domain Name Measures regulate registration of domain names with the internet country code “.cn” and domain names in Chinese.

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Laws and regulations relating to foreign exchange

Foreign Exchange Administration

The principal law governing foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例). The Foreign Exchange Administration Regulations was enacted on 29 January 1996 and implemented on 1 April 1996. On 14 January 1997 and 5 August 2008, the State Council amended the Foreign Exchange Administrative Regulations. According to the Foreign Exchange Administrative Regulations currently in effect, international payments in foreign currencies and transfer of foreign currencies under current account shall not be restricted. Foreign currency transactions under the capital account, such as direct investment and capital contributions, are still subject to restrictions and require approvals from, or registration with, State Administration of Foreign Exchange (the “SAFE”) and other relevant PRC governmental authorities.

Pursuant to the Regulations of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), promulgated by People’s Bank of the PRC on 20 June 1996 and effective on 1 July 1996, the foreign-invested enterprises may only buy, sell or remit foreign currencies at the banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of capital account item transactions, obtaining approvals from SAFE.

On 29 August 2008, SAFE published the Notice of the General Affairs Department of SAFE on The Relevant Operation Issues Concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知, the “**SAFE Circular No. 142**”), regulating the conversion by a foreign-invested enterprise of its registered capital in foreign currency into RMB. The SAFE Circular No. 142 provides that the RMB fund converted from registered capital in foreign currency of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authorities and may not be used for equity investments within the PRC. The usage of such RMB fund may not be altered without approval, and such RMB fund may not in any case be used to repay any RMB loans that were taken out but that have not been utilized. Violations of the SAFE Circular No. 142 may result in severe monetary penalties.

On 13 February 2015, SAFE published Notice of the State Administration of Taxation on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知, the “**SAFE Circular No. 13**”), effective on 1 June 2015. Under the SAFE Circular No. 13, foreign exchange registration under domestic direct investment and foreign exchange registration approval under overseas direct investment (collectively known as direct investment foreign exchange registration) with the competent SAFE are no longer required. Instead, the banks will review and carry out direct investment foreign exchange registration directly, and the SAFE shall implement indirect supervision over foreign exchange registration of direct investment via the banks. Certain procedures for handling foreign exchange operations of direct investment were simplified, including: (1) simplify the management of registration and confirmation of capital contribution by foreign investors under direct investment; (2) new overseas enterprises established or controlled by overseas enterprises established or controlled by domestic investors through re-investment are not required to go through the foreign exchange filing procedures; (3) cancel foreign exchange annual inspection for direct investment and replace it with existing right registration.

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On 30 March 2015, SAFE published the Circular on Reforming The Management Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (關於改革外商投資企業外匯資金結匯管理方式的通知, effective on 1 June 2015 and replacing the SAFE Circular No. 142, abolished the restrictions of using the RMB fund converted from the registered capital in foreign currency of a foreign-invested enterprise for equity investments within the PRC. Meanwhile, the capital of a foreign-invested enterprise and the RMB funds obtained from the exchange settlement thereof shall not be used for the following purposes: 1) for expenditures, directly or indirectly, beyond the enterprise's business scope or those prohibited by the laws and regulations of the State; 2) for investment, directly or indirectly, in securities, unless otherwise provided by laws and regulations; 3) for the issuance, directly or indirectly, of entrusted RMB loans (excluding those that are permitted within the business scope), repayment of inter-enterprise loans (including third party advances) and the repayment of banks' RMB loans lent to the third parties; or 4) for the payment of relevant fees to the purchase of real estate property not for own use, except for foreign-invested real estate enterprises.

Dividend Distribution

The principal laws governing dividend distributions by PRC subsidiaries include the Company Law. Dividend distribution by WFOEs and EJV's are further governed by the Wholly Foreign-Owned Enterprise Law of the PRC, the Implementation Rules under the Wholly Foreign-Owned Enterprise Law of the PRC, the PRC Law on Sino-Foreign Equity Joint Ventures and the Implementation Rules under the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC.

Under such laws and regulations, PRC companies, including WFOEs and EJV's, may distribute dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting principles. In addition, PRC companies, including domestic companies, WFOEs and EJV's are required to set aside each year at least 10% of their after-tax profits based on PRC accounting principles to their statutory general reserves funds until the cumulative amount of such reserve funds reach 50% of their registered capital. These reserves are not distributable as cash dividends. EJV's may elect to set aside separate funds for employee welfare, bonuses and development and WFOEs may elect to set aside funds for employee's welfare, bonuses, at the discretion of such PRC companies and as stipulated in their articles of association. Such reserves or funds are not distributable as dividends.

Laws and regulations relating to environmental protection and work safety

Overview

The major laws and regulations in PRC concerning environmental protection include: Environmental Protection Law (中華人民共和國環境保護法), the Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法), the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法), the Law of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), the Law of the PRC on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), the Law of the PRC on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法), the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), and the Regulations on Environmental Protection Management for Construction Projects (建設項目環境保護管理條例), and the Law on Promoting Clean Production (清潔生產促進法).

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Environmental Protection

The Environmental Protection Law (中華人民共和國環境保護法), which was promulgated on 26 December 1989, amended on 24 April 2014 and came into effect on 1 January 2015, provides for a regulatory framework to protect and develop the environment, prevent and reduce pollution and other public hazards, and safeguard human health. The Environment Protection Department of the State Council is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility generating pollutants or other hazards to adopt environmental protection measures in its operations and establish an environmental protection responsibility system. Also, the Environmental Protection Law makes it clear that the legal liabilities of any violation of the law include a fine, order to make correction, restriction of production, suspension of production for rectification, compulsory shutout or closedown, or even criminal liabilities.

The Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法) which was promulgated on 28 October 2002, and came into effect on 1 September 2003, as amended on 2 July 2016, provides for the detailed requirements regarding the environmental impact assessment. The classified administration of environmental impact assessment for construction projects shall be implemented in accordance with the degree of environmental impacts of construction projects.

The Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法) which was promulgated on 27 December 2001 and came into effect on 1 February 2002, as amended on 22 December 2010, stipulates detailed rules regarding management of environmental protection acceptance of construction project by the environmental protection authorities. The result of such environmental protection acceptance shall be regularly published by the environmental protection authorities.

The Law of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法) which was promulgated on 28 February 2008, and came into effect on 1 June 2008, forms a legal framework for preventing and controlling water pollution in respect of terrestrial and underground water from rivers, lakes, canals, channels and reservoirs. According to the Law of the PRC on Prevention and Control of Water Pollution, pollution caused by an intentional or wrongful act of a third party, the third party shall bear liability. In addition, the water pollution prevention and control facilities must be designed, constructed and utilized in construction sites. These prevention facilities will be inspected by related environmental protection departments. A permit must be obtained from the authorities before construction projects begin. More importantly, local governments and local environmental protection agencies may be subject to administrative punishments if they decline to penalize offenders.

The Law of the PRC on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), which was promulgated on 5 September 1987, and amended on 29 August 1995, 29 April 2000, and 29 August 2015, and came into effect on 1 January 2016 is a legal framework for preventing and controlling atmospheric pollution. Enterprises and institutions and other manufacturers and business operators undertaking development projects which have an impact on atmospheric environment shall conduct environmental impact assessment, and disclose the environmental impact assessment documents pursuant to the law; emission of atmospheric pollutants shall comply with the atmospheric pollutants emission standards, and comply with the control requirements for total emission of key atmospheric pollutants.

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The Law of the PRC on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) which was promulgated 29 October 1996 and came into effect on 1 March 1997, stipulates specific provisions regarding prevention and controlling of environmental noise pollution. It is required that every project under construction, renovation or expansion must conform to the regulations of the State governing environmental protection. Where a construction project might cause environmental noise pollution, the unit undertaking the project must prepare an environmental impact statement which includes the measures it takes to prevent and control such pollution, and submit it, following the procedures prescribed by the State, to the competent administrative department for environmental protection for approval. The environmental impact statement shall include the comments and suggestions of the units and residents in the place where the construction project is located.

The Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), which was promulgated 30 October 1995, and amended on 29 December 2004, 29 June 2013, 24 April 2015 and 7 November 2016, applies to prevention and treatment of environmental pollution by solid waste in the PRC. Construction projects which generate solid waste and construction of facilities for storage, utilization and disposal of solid waste shall implement environmental impact assessment pursuant to the law, and comply with the provisions of the State on administration of environmental protection for construction projects. Facilities for prevention and treatment of environmental pollution by solid waste required to be constructed together with a construction project based on the environmental impact assessment shall be designed, constructed and put into use simultaneously with the main project.

The Regulations on Environmental Protection Management for Construction Projects (建設項目環境保護管理條例), which was promulgated and effective on 29 November 1998, implements regulatory categories of environmental protection with respect to construction projects. The constructing unit should, when conducting a feasibility study with respect to the construction project, submit for approval an environmental impact statement, environmental impact report or environmental impact registration form. After the construction project has been completed, the constructing unit should apply to the department responsible for environmental protection which originally examined and approved the environmental impact statement, environmental impact report or environmental impact registration form relating to the said construction project, for examination and acceptance of the environmental protection facilities used in the construction project.

Pursuant to the Circular on the Standards of Collecting Fees for Discharge of Pollutants (排污費徵收標準管理辦法), promulgated on 28 February 2003, the fees for discharge of pollutants including but not limited to sewage, waster gas, solid and hazardous waste, exceed noise, shall be paid based on the pollution facts, units and individual business that directly discharge of pollutants to the environment. The environmental protection authorities of local governments of county level and above take charge of the fees collection.

Production Safety

Pursuant to the PRC Production Safety Law (中華人民共和國安全生產法) which was promulgated on 29 June 2002, and amended on 27 August 2009 and 31 August 2014 and came into force on 1 December 2014, the State Administration of Safe Production (國家安全生產監督管理總局) is in charge of the overall administration of production safety. The PRC Production Safety Law

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provides that any entity engaging in manufacturing shall meet national or industrial standards regarding safe production and provide qualified working conditions required by laws, administrative rules and the national or industrial standards. The entity engaging in production shall install prominent warning signs at or on the relevant dangerous operation site, facility and equipment. The design, production, installment, use, test, maintenance, upgrade and disposal of safety equipment shall comply with national and industrial standards.

Pursuant to the Law of the PRC on Special Equipment Safety (中華人民共和國特種設備安全法), which was promulgated on 29 June 2013 and came into force on 1 January 2014, and the Regulations on Safety Supervision of Special Equipment (特種設備安全監察條例), which was promulgated on 11 March 2003, amended on 24 January 2009 and became effective on 1 May 2009, special equipment user entities shall, within thirty (30) days before or after the equipment is put into use, go through registration with authorities in charge of special equipment safety and obtain use registration certificates. Registration marks shall be put at the prominent positions of special equipment. Special equipment user entities shall conduct day-to-day maintenance and regular self-inspection and keep records thereof. In addition, special equipment user entities shall, in accordance with safety technical specifications and one month prior to expiry of inspection validity, make request for regular inspection to the special equipment inspection institution.

Laws and regulations relating to occupational disease prevention

Occupational Disease Prevention

The Law on the Prevention and Treatment of Occupational Diseases in the PRC (中華人民共和國職業病防治法) which was promulgated on 27 October 2001, and amended on 31 December 2011 and 2 July 2016, forms the legal framework to prevent, control and eliminate occupational disease hazards. The employer shall establish and perfect a responsibility system of occupational disease prevention and control, step up the management of occupational disease prevention and control, increase the level of occupational disease prevention and control and be liable for occupational disease hazards that occur to the employer. The State establishes a reporting system of occupational disease hazard items. In the event of any hazard factors of the occupational diseases listed in the occupational disease catalog occurring in an employer's workplace, the employer shall report the hazardous items to the local competent department in charge of safe production supervision and regulation in a timely and truthful manner to accept supervision. Furthermore, the employer should file pre-assessment report on occupational disease hazards, assess the effect of the control on such hazards and undertake the "three simultaneities" procedures for the prevention and control of occupational disease hazards, i.e., the occupational disease protective facilities should be designed, constructed and put into use simultaneously with the main work of the construction.

Fire Prevention

The Fire Prevention Law (中華人民共和國消防法) was adopted on 29 April 1998 and amended on 28 October 2008 and came into effect on 1 May 2009. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Public Security and its local branches at or above county level shall monitor and administer the fire prevention affairs. The fire prevention units of such public security departments are responsible for implementation of such laws and regulations. The Fire Prevention Law provides that the fire prevention design or construction of a construction project shall conform to the national fire prevention technical

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standards. For a construction project that needs fire prevention design under the national fire protection technical standards for project construction, the construction entity shall submit the fire prevention design documents to the fire prevention department of the public security authority for approval or filing (as the case may be). No construction permit shall be given for the construction project for which the fire prevention design has not been approved or has been considered unqualified after examination, nor shall the construction entity commence such construction project. Upon completion of a construction project, for which a fire prevention design has been applied, according to the requirements of the Fire Prevention Law, such project shall go through an acceptance check on fire prevention by, or filed with, the relevant fire prevention departments of public security authorities. No construction shall be put into use before it is accepted by the competent fire prevention departments of public security authorities.

Laws and regulations relating to employment, social insurance and housing fund

Labor Contracts

Labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the employees under the Labor Contract Law of the PRC (中華人民共和國勞動合同法), which first promulgated on 29 June 2007 and amended on 28 December 2012 and came into force on 1 July 2013. Enterprises and institutions are forbidden to force the employees to work beyond the time limit and the employers shall pay employees overtime wages in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely. According to the Labor Law of the PRC (中華人民共和國勞動法) effective as of 1 January 1995 and amended on 27 August 2009, enterprises and institutions shall establish and perfect its system of work place safety and sanitation, strictly abide by national rules and standards on work place safety and sanitation, educate employees of work place safety and sanitation. Work place safety and sanitation facilities shall comply with national standards. The enterprises and institutions shall provide employees with safe work place and sanitation conditions which are in compliance with national standards and relevant regulations of labor protection.

Social Insurance and Housing Fund

According to the Social Insurance Law (社會保險法) effective on 1 July 2011, the Regulations on Occupational Injury Insurance (工傷保險條例) effective on 1 January 2004 and amended on 20 December 2010, the Interim Measures Concerning the Maternity Insurance for Enterprises Employees (企業職工生育保險試行辦法) effective on 1 January 1995, the Interim Regulations Concerning the Levy of Social Insurance (社會保險費徵繳暫行條例) effective on 22 January 1999, the Unemployment Insurance Regulations (失業保險條例) effective on 22 January 1999, the Interim Measures Concerning The Administration of the Registration of Social Insurance (社會保險登記管理暫行辦法) effective on 19 March 1999 and the Regulations Concerning the Administration of Housing Fund (住房公積金管理條例) effective on 3 April 1999 and amended on 24 March 2002, enterprises and institutions in the PRC are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as housing fund and other welfare plans. These payments are made to local administrative authorities and any employer who fails to contribute may be ordered to correct the deficit within a stipulated time limit and be fined if it still fails to contribute after such stipulated time limit has passed.

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The Social Insurance Law (社會保險法) which was promulgated on 28 October 2010 and came into effect on 1 July 2011, specifies the establishment of social security systems, and detailed requirements for payment of basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, family planning maternity insurance, etc.

The Regulations on Occupational Injury Insurance (工傷保險條例) which was promulgated on 27 April 2003 and amended on 20 December 2010, and came into effect on 1 January 2011, are formulated for the purposes of ensuring that workers who suffer a work-related injury or occupational illness receive medical treatment and economic compensation, promoting prevention of work injuries and occupational rehabilitation, and diversifying work injury risks of employers.

The Interim Measures Concerning the Maternity Insurance for Enterprises Employees (企業職工生育保險試行辦法) which was promulgated on 14 December 1994 and came into effect on 1 January 1995, are formulated to safeguard the legal interests of female staff and protect their obtainment of necessary economic compensations and medical care during the procreation period and to balance the undertaking among the enterprises of the maternity insurance fees.

The Unemployment Insurance Regulations (失業保險條例) which was promulgated and came into effect on 22 January 1999, specifies the payment, usage, management of pension insurance.

The Interim Regulations Concerning the Levy of Social Insurance (社會保險費徵繳暫行條例) which was promulgated and effective on 22 January 1999, apply to the levy and collection of basic pension premiums, basic medical insurance premiums and unemployment insurance premiums.

The Interim Measures Concerning The Administration of the Registration of Social Insurance (社會保險登記管理暫行辦法) which was promulgated and effective on 19 March 1999, specifies the requirements for the enterprises to register for social insurance certificate, handle alteration registration and deregistration.

The Regulations Concerning the Administration of Housing Fund (住房公積金管理條例) which was promulgated on 3 April 1999 and amended on 24 March 2002, and came into effect on 24 March 2002, stipulates the payment, withdrawal, usage, management and supervision of housing fund in the PRC.

Laws and regulations relating to taxation

Enterprise Income Tax (“EIT”)

The Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法, the “EIT Law”) and its Implementation Rules both came into force on 1 January 2008. Under the EIT Law, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. An enterprise incorporated outside the PRC with its “de facto management bodies” located within the PRC is considered a “resident enterprise,” meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The Implementation Rules of the EIT Law define de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

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Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排, the “**Double Tax Avoidance Arrangement**”) issued on 8 December 2006, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10.0% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon approval of the competent tax authority.

However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (關於執行稅收協定股息條款有關問題的通知) issued on 20 February 2009 by State Administration of Taxation (“**SAT**”), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties (關於如何理解和認定稅收協定中“受益所有人”的通知) issued by SAT on 27 October 2009, and the Announcement on the Recognition of Beneficial Owners in Tax Treaties (關於認定稅收協定中“受益所有人”的公告) issued by SAT on 29 June 2012, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5.0% under the Double Tax Avoidance Arrangement.

In January 2009, SAT promulgated the Interim Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises (非居民企業所得稅源泉扣繳管理暫行辦法, the “**Non-resident Enterprises Measures**”), pursuant to which, the entities which have direct obligation to make certain payments to a non-resident enterprise shall be the relevant tax withholders for such non-resident enterprise. Furthermore, the Non-resident Enterprises Measures provide that in the case of an equity transfer between two non-resident enterprises which occurs outside the PRC, the non-resident enterprise which receives the equity purchase price shall, by itself or through an agent, file tax declaration with the PRC tax authority located at the place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authority to collect tax from the relevant non-resident enterprise.

In addition, according to the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (非居民納稅人享受稅收協定待遇管理辦法), which came into force on 1 November 2015, non-resident taxpayers, which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to the follow-up administration by the tax authorities.

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例), which was promulgated by the State Council on 13 December 1993 and amended on 10 November 2008 and its Implementation Rules (中華人民共和國營業稅暫行條例實施細則) which was promulgated on 15 December 2008 and amended on 28 October 2011, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. The items and rates of business tax shall be implemented in accordance with the List of Items and Rates of Business Tax.

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Stamp Duty

Pursuant to the Provisional Regulations of the PRC Concerning Stamp Duty (中華人民共和國印花稅暫行條例), which was promulgated on 6 August 1988 and amended on 8 January 2011, and came into effect on 8 January 2011, a taxpayer shall calculate the amount of stamp duty payable in accordance with the nature of the taxable documents. Some calculations shall be based on the proportional tax rate, while others shall be in accordance with the quota amount. Determination of detailed tax rates and amounts of tax to be paid shall be undertaken in accordance with the Stamp Duty Tariff Table.

Value-added Tax (“VAT”)

The Interim Regulation of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例) was promulgated on 13 December 1993 and effective on 1 January 1994, and amended on 10 November 2008 and effective on 1 January 2009, as later amended on 6 February 2016. The Implementation Rules for the Interim Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則) were amended on 28 October 2011 and effective on 1 November 2011. According to the afore-mentioned laws and regulations, all the enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the import of goods within the territory of the PRC shall pay VAT.

Pursuant to the Pilot Proposals for the Collection of Value-Added Tax in Lieu of Business Tax (營業稅改徵增值稅試點方案), promulgated jointly by the Ministry of Finance of PRC and the SAT on 16 November 2011 and became effective on 16 November 2011, the pilot program shall be initiated on 1 January 2012, to be timely improved and scope-expanded according to the circumstances. The pilot program shall be conducted in the production-oriented service industries such as the transportation industry and some modern service industries in the pilot regions and gradually spread to other industries. On the base of the current standard VAT rate of 17% and low VAT rate of 13%, two low tax rates of 11% and 6% shall be added.

The Circular of the State Administration of Taxation on Issuing the Measures for the Administration of Tax Refund (Exemption) of Exported Goods (Trail) (國家稅務總局關於印發《出口貨物退(免)稅管理辦法(試行)》的通知) was promulgated on 16 March 2005 and became effective on 1 May 2005. In accordance with the Circular, as for the goods exported by an exporter on his own or by entrustment, except that there are otherwise provisions, the exporter thereof may, after the declaration of goods to Customs for export and the financial settlement for sales, make a report to the local state taxation bureau for the approval of refund or exemption of his value-added tax or consumption tax upon the strength of relevant certificates.

LAWS AND REGULATIONS



Transfer Pricing


According to the EIT Law and the Implementation Regulations for the EIT Law (企業所得稅法實施條例), in respect of a transaction between an enterprise and its related parties, if the taxable revenue or income of the enterprise or its related parties derived from such transaction is reduced because they have not observed the “arm’s length principle” (i.e. to consummate transactions at a fair price and as per business norms), the tax authority may adjust the taxable revenue or income in compliance with reasonable methods (including comparable uncontrolled price method, resale price method, cost-plus method, transactional net profit method, profit split method and other methods that meet the arm’s length principle). Further, when calculating taxable income, the cost incurred in joint development or transfer of intangible assets, or joint provision or acceptance of labor services by an enterprise and its related parties shall be apportioned between the parties based on the arm’s length principle. An enterprise and its related party are required to enter into an agreement of cost apportionment and apportion cost between them in accordance with the cost-and-expected-income matching principle, and submit the relevant documents to the tax authorities within the prescribed time limit. If they fail to do so, the respective cost so apportioned between the relevant parties cannot be deducted when calculating the taxable income of each of these parties.

Pursuant to the Announcement of the State Administration of Taxation on Matters Relating to Improved Administration of Related Party Declarations and Contemporaneous Documentation (國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告) issued and became effective on 29 June 2016, the reporting obligation of related-party transaction is further enhanced. Resident enterprises implementing tax assessment based on examination of accounts shall declare related party transactions with their related parties when submitting annual EIT tax returns to the tax authorities. An enterprise shall, pursuant to the provisions of Article 114 of the Implementation Regulations for the EIT Law, prepare the relevant information in connection with its related party transactions, including without limitation the method of determination of the price, re-sale price or ultimate sale price of the asset or service involved under such related party transactions, for that tax year in accordance with the requirements of the tax authorities.

HISTORY AND DEVELOPMENT

Overview

Our origin can be traced back to 1948 when Mr. Momofuku Ando (安藤百福) founded the Nissin Japan Group. Mr. Momofuku Ando (安藤百福) who envisioned changing the eating habits of people under the four tenets of (i) “Peace will come to the world when there is enough food (食足世平)”; (ii) “Create foods to serve society (食創為世)”; (iii) “Eat wisely for beauty and health (美健賢食)”; and (iv) “Food related jobs are sacred profession (食為聖職)” invented the world’s first instant noodles, “Chicken Ramen (雞湯拉麵)”, in 1958, and Nissin Japan started to expand its business to different parts of the world. In 1984, Nissin Japan set up our Company as the first presence of business operation of our Group in Hong Kong. Our Company set up its first manufacturing plant in Taipo in 1985. In 1990, in order to further expand the business in Hong Kong, Nissin Japan acquired Winner Food, which is a famous local manufacturer of instant noodles and frozen food which sells its products under the brand of “DOLL (公仔)” (), and which subsequently set up Zhuhai Winner and Gangyongnan. Zhuhai Winner is principally engaged in the manufacture and sales of instant noodles while Gangyongnan is principally engaged in the manufacture and sales of frozen food products in the PRC. In 2012, in order to further expand the market share of our Group in Hong Kong, we acquired the trademark of our product brand “Fuku (福)” (), a famous brand of instant noodle in Hong Kong. In 2014, we acquired Winner Food from Nissin Japan. We currently have four operational plants in Hong Kong, three of which are production plants for the manufacture of our instant noodles and frozen food products and the other one is mainly used for the production of our soup base and the manufacture of some packaging materials. Due to our business expansion in the past 30 years, we were the largest instant noodle company in Hong Kong in terms of retail sales value and retail sales volume in 2016. In 2017, in order to expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS, which primarily engages in the distribution of beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau.

Drawing on the open door policy adopted by the PRC government in the 1980s and the growing economy of the PRC, we expanded our operations into the PRC in 1994. For over 20 years, we have been expanding our business in the PRC. We currently have eight subsidiaries incorporated in the PRC and five production plants in Shunde, Zhuhai and Dongguan, Guangdong province, the PRC, Xiamen, Fujian province, the PRC and Pinghu, Zhejiang Province, the PRC. The production plant in Pinghu, Zhejiang province has commenced production in May 2017. As at the Latest Practicable Date, we had 56 liaising points across the PRC to facilitate our sale offices in the PRC. We are also planning to further expand and increase our sales to northern and western China. After years of dedication to producing high quality instant noodles, our brand “Nissin (日清)” () has grown into a household instant noodles brand in Hong Kong, the PRC and Chinese communities in other foreign countries.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Set out below are our key business milestones:

Milestone Year	Event
1984.	Incorporation of our Company
1985.	Our Company set up its first manufacturing plant in Hong Kong
1990.	Acquisition of Winner Food by Nissin Japan
1993.	Establishment of Zhuhai Winner
1994.	Establishment of Guangdong Nissin
1998.	Launch of bowl-type of “Demae Iccho (出前一丁)” (出前一丁) instant noodle products
1999.	Investment in Shanghai Nissin
2001.	Launch of cup-style “Demae Iccho (出前一丁)” (出前一丁)
	Winner Food obtained ISO9001 Quality Management System Certification
	Incorporation of Nissin Management
	Establishment of Nissin China Holding
2004.	Zhuhai Winner obtained ISO9001 Quality Management System Certification
2005.	Winner Food obtained ISO14001 Environmental Management System Certification
2006.	Our Company obtained ISO 14001 Environmental Management System Certification
	Our Company obtained ISO9001 Quality Management System Certification
2007	Guangdong Nissin obtained ISO9001 Quality Management System Certification
	Guangdong Nissin obtained ISO14001 Environmental Management System Certification
2009.	ECO cup-style “Cup Noodles (合味道)” (合味道) was launched

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Milestone Year	Event
2012.	<p>Acquisition of “Fuku (福)” (福) brand</p> <p>Launch of “Big Cup Noodles (合味道)” (合味道) and “Cup Noodles (合味道)” (合味道) Mini Cup, to provide wider selection for consumers</p>
2013.	<p>Incorporation of Nissin Koikeya Foods</p> <p>Establishment of Dongguan Nissin</p>
2014.	<p>Acquisition of Winner Food from Nissin Japan. Winner Food was incorporated in 1969 and owns Zhuhai Winner Food and Gangyongnan, which were respectively established in 1993 and 1997</p> <p>Establishment of Fujian Nissin</p> <p>Establishment of Zhejiang Nissin</p> <p>Winner Food obtained ISO22000 Food Safety Management Certification</p>
2015.	<p>Incorporation of Nissin Foods HK</p> <p>Zhuhai Winner obtained ISO22000 Food Safety Management System Certification</p>
2016.	<p>Launch of two workshops, namely “MY CUP NOODLES FACTORY” and “DEMAE ICCHO FACTORY” in Hong Kong</p> <p>Our Company, Fujian Nissin and Guangdong Nissin obtained ISO22000 Food Safety Management System Certification</p> <p>Fujian Nissin obtained ISO9001 Quality Management System Certification</p> <p>Fujian Nissin obtained ISO14001 Environmental Management System Certification</p> <p>Wintai Plant obtained Organic Processing and Handling Certification</p> <p>Zhuhai Winner obtained ISO 14001 Environmental Management System Certification</p>
2017.	<p>Acquisition of 51.0% equity interest of MCMS, which is principally engaged in distribution of beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau</p>

CORPORATE DEVELOPMENT OF OUR GROUP

History of our Company

Leveraging the increasing popularity of instant noodles in Japan and the success of Nissin Japan, our Group commenced our operations in Hong Kong in 1984. On 19 October 1984, the Company was incorporated in Hong Kong as a limited company. Our Company has been principally engaging in the manufacture and sales of instant noodles since incorporation and has been the vehicle holding interest of our subsidiaries incorporated in Hong Kong and established in the PRC. As at the date of incorporation, the issued share capital of our Company was HK\$200 with two Shares in issue. Our company has been controlled by Nissin Japan since incorporation.

On 19 February 2016, our Company issued and allotted a total of 283,837 Shares to Mr. Kiyotaka Ando, our executive Director, chairman of the Board and chief executive officer of our Company at a consideration of HK\$43,994,735. For details of the share subscription by Mr. Kiyotaka Ando, please refer to the sub-section headed “Subscription of new Shares by our Director” in this section. As a result of the subscription, the total issued share capital of the Company increased from HK\$1,984,645,000 with 19,846,450 Shares in issue, which were entirely owned by Nissin Japan, to HK\$2,028,639,735 with 20,130,287 Shares in issue. Our Company was then owned by Nissin Japan as to 98.59% and by Mr. Kiyotaka Ando as to 1.41%.

On 7 March 2016, our Company adopted the Share Award Scheme and 13,200 new Shares, representing approximately 0.07% of the then issued share capital of our Company as enlarged by such allotment, were allotted and issued at HK\$155 per Share to the Trustee to hold such Shares on trust for the employees of our Group pursuant to the Share Award Scheme. As a result of such allotment, the total paid up share capital of our Company became HK\$2,030,685,735 with 20,143,487 Shares in issue. Since such allotment and up to the Latest Practicable Date, our Company has been owned by Nissin Japan, Mr. Kiyotaka Ando and the Trustee as to approximately 98.52%, 1.41% and 0.07%, respectively.

Development of our major operating subsidiaries in Hong Kong

Acquisition of Winner Food

Winner Food was incorporated in Hong Kong as a limited company on 11 April 1969. Winner Food is principally engaged in the manufacture and sales of instant noodles and frozen foods products under the brand of “DOLL (公仔)” (👤).

On 12 April 1990, Nissin Japan acquired 74.0% equity interests in Winner Food from an Independent Third Party. After the share transfer, Winner Food was then held by Nissin Japan, ITOCHU Corporation and Itochu Hong Kong Limited (“**Itochu HK**”) as to 74.0%, 15.6% and 10.4%, respectively. ITOCHU Corporation was a minority shareholder of Nissin Japan and Itochu HK was a wholly-owned subsidiary of ITOCHU Corporation.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 1 January 2014, as part of intra-group restructuring, we acquired 74.0% equity interest in Winner Food from Nissin Japan, representing the then entire interest held by Nissin Japan in Winner Food at a consideration of HK\$455,299,000, which was determined with reference to the unaudited net asset value of Winner Food as at 30 September 2013. The consideration was settled by way of issue and allotment of 4,552,990 new Shares by our Company to Nissin Japan. At the time of acquisition, Winner Food had two subsidiaries in the PRC, namely Zhuhai Winner and Gangyongnan. After the share transfer, Winner Food was held by our Company, ITOCHU Corporation and Itochu HK as to 74.0%, 15.6% and 10.4%, respectively. On 28 February 2014, Itochu HK transferred its 10.4% equity interest in Winner Food to ITOCHU Corporation.

On 22 December 2014, ITOCHU Corporation transferred its entire interest in Winner Food, being 26.0% equity interest in Winner Food, to our Company at a consideration of HK\$129,452,527, which was determined with reference to the unaudited net asset value of Winner Food as at 31 March 2014 after arm's length negotiation of the parties. The consideration of such transfer was settled by way of cash on 22 December 2014. Since then, Winner Food has become a wholly-owned subsidiary of the Company.

Establishment of Nissin Management

Nissin Management was incorporated in Hong Kong on 6 July 2001. As at the date of incorporation, the issued share capital of Nissin Management was HK\$200 with two shares in issue. Nissin Management has been mainly serving administrative, information technology, finance and human resources functions for our Group since its incorporation. One share was issued and allotted to each of Marvel Nominees Limited and Wawuyako (Nominees) Limited, both are initial subscribers and Independent Third Parties, on 6 July 2001. On 19 December 2001, Marvel Nominees Limited transferred its one share of Nissin Management to our Company at nominal value and Wawuyako (Nominees) Limited transferred its one share of Nissin Management to Nitec (H.K.) Limited, a company which was then owned as to 99.996% and 0.004% by Nissin Japan and our Company, respectively, and dissolved on 20 April 2007, at nominal value.

On 25 January 2006, Nitec (H.K.) Limited transferred its one share of Nissin Management to our Company at a consideration of HK\$361,832.83. Following the share transfer, Nissin Management became wholly owned by our Company.

Establishment of Nissin Koikeya Foods

Nissin Koikeya Foods was incorporated in Hong Kong on 27 September 2013. As at the date of incorporation, the issued share capital of Nissin Koikeya Foods was HK\$6,600,000 with 6,600,000 Shares in issue, which are wholly owned by our Company. On 10 January 2014, Nissin Koikeya Foods increased its issued share capital to HK\$10,000,000 with 10,000,000 shares in issue by allotting and issuing 3,400,000 shares to KOIKE-YA, an associate of Nissin Japan. Since then, Nissin Koikeya Foods, being our subsidiary, is owned as to 66.0% by our Company and 34.0% by KOIKE-YA. Nissin Koikeya Foods is principally engaged in the purchases and sales of snack and confectionery products bearing the joint brands of “NISSIN (日清)” and “Koikeya (湖池屋)” (湖池屋). Our Company and KOIKE-YA entered into an agreement on 12 December 2013 in relation to the cooperation in business and operation of Nissin Koikeya Foods. KOIKE-YA, which became our strategic partner, is a company listed on the JASDAQ Market of the Tokyo Stock Exchange in Japan whose principal business is manufacture and sales of snack and confectionery products. Snack food

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

was a product line of our Group launched in 2014. Through the strategic cooperation with KOIKE-YA, which is reputable in the snack and confectionery product industry, we believe that our business in snack and confectionery products can be expanded under the brand of “Nissin Koikeya (日清湖池屋)” (日清湖池屋) (日清湖池屋). Below are the major terms of the agreement made with KOIKE-YA:

- (i) the board of directors of Nissin Koikeya Foods comprises of six directors, four of whom are appointed by our Company and the remaining two are appointed by KOIKE-YA. The chairman of the board of directors is selected from the directors appointed by our Company;
- (ii) no share in the issued share capital of Nissin Koikeya Foods shall be transferred, sold or otherwise disposed to any third party without the consent of all the shareholders of Nissin Koikeya Foods; and
- (iii) our Company and KOIKE-YA are entitled to share the profits or bear the losses of Nissin Koikeya Foods in proportion to our respective equity interest in Nissin Koikeya Foods.

Our major developments in the PRC

Establishment of Guangdong Nissin

Guangdong Nissin was established as a sino-foreign joint venture enterprise under the laws of the PRC on 13 November 1994 with a registered capital of HK\$70.0 million and is principally engaged in the manufacture of packaging materials of instant noodles products. At the time of its establishment, Guangdong Nissin was held as to 55.0% by our Company, 5.0% by Shunde Beijiao Economic Development Corporation* (順德市北滘經濟發展總公司), 15.0% by Guangdong Foods Imp. & Exp. (Group) Co., Ltd.* (廣東省食品進出口集團公司), 15.0% by Yau Shing Hong Provisions Limited* (有成行辦館有限公司), 6.0% by ITOCHU Corporation, 3.0% by Itochu HK and 1.0% by Itochu (China) Holding Co., Ltd.* (伊藤忠(中國)集團有限公司). In September 1997, our Company contributed additional capital into Guangdong Nissin and the then shareholding held by our Company increased to 61.73%. On 23 January 2003, Nissin China Holding acquired 11.73% equity interest in Guangdong Nissin from our Company at a consideration of HK\$15,250,000. In May 2005, our Company acquired 4.04%, 9.23%, 15.0%, 6.0%, 3.0%, 1.0% and 11.73% equity interest in Guangdong Nissin from Shunde Beijiao Investment Management Co., Ltd.* (順德市北滘投資管理有限公司), Guangdong Foods Imp. & Exp. (Group) Co., Ltd.* (廣東省食品進出口集團公司), Yau Shing Hong Provisions Limited* (有成行辦館有限公司), ITOCHU Corporation, Itochu HK, Itochu (China) Holding Co., Ltd.* (伊藤忠(中國)集團有限公司) and Nissin China Holding, respectively, at considerations of RMB5,675,250, RMB12,972,270, HK\$19,500,000, HK\$7,010,000, HK\$3,506,000, HK\$1,169,000 and HK\$11,827,000, respectively. Upon completion of the said transfers, Guangdong Nissin became a wholly-owned subsidiary of our Company. On 11 September 2015, our Company transferred the entire equity interest of Guangdong Nissin to Nissin China Holding, details of which are set out in the paragraph headed “Reorganisation – (2) Transfer of equity interests in our PRC subsidiaries from our Company to Nissin China Holding” in this section. Upon the said transfer, Guangdong Nissin became the direct wholly-owned subsidiary of Nissin China Holding. As at the Latest Practicable Date, Guangdong Nissin had a registered capital of HK\$130,000,000.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Investment in Shanghai Nissin

Shanghai Nissin was established as a sino-foreign joint venture company on 28 February 1995 with a registered capital of US\$9,000,000. Shanghai Nissin is principally engaged in the manufacture and sales of instant noodles. At the time of its establishment, Shanghai Nissin was held as to 55.0% by Nissin Japan, 30.0% by Shanghai Maling Food (Group) Co., Ltd.* (中國上海梅林食品(集團)公司), an Independent Third Party and 15.0% by Mitsubishi, a minority shareholder of Nissin Japan. On 1 March 1999, Shanghai Maling Aquarius (Group) Co., Ltd.* (上海梅林正廣和(集團)有限公司) (formerly known as Shanghai Maling Food (Group) Co., Ltd.* (中國上海梅林食品(集團)公司)) transferred its 8.4% equity interest in Shanghai Nissin to Nissin Japan. On 17 May 1999, Nissin Japan transferred its 8.4% equity interest in Shanghai Nissin to our Company at a consideration of US\$1,050,000. On 2 April 2001, Shanghai Maling Aquarius (Group) Co., Ltd.* (上海梅林正廣和(集團)有限公司) entered into an equity transfer agreement with our Company pursuant to which Shanghai Maling Aquarius (Group) Co., Ltd.* (上海梅林正廣和(集團)有限公司) agreed to transfer its entire equity interest in Shanghai Nissin to our Company at a total consideration of US\$4,370,000. After the equity transfer, Shanghai Nissin was held as to 55.0% by Nissin Japan, 30.0% by our Company and 15.0% by Mitsubishi, respectively.

On 6 February 2002, Nissin China Holding invested US\$10,625,000 into Shanghai Nissin and acquired 42.5% equity interest in Shanghai Nissin. On 5 December 2004, our Company entered into an equity transfer agreement with Nissin Japan and Mitsubishi, respectively, pursuant to which we agreed to acquire 27.5% and 15.0% equity interest in Shanghai Nissin at considerations of US\$4,625,000 and US\$2,523,000 from Nissin Japan and Mitsubishi, respectively. After the said equity transfers, Shanghai Nissin became wholly owned by our Group (as to 57.5% by our Company and 42.5% by Nissin China Holding). On 21 January 2005, the transfer of Nissin China Holding's entire equity interest in Shanghai Nissin to our Company at a total consideration of US\$2,107,000 was approved by MOFCOM. Subsequently on 20 February 2005, Shanghai Nissin renewed its business license to register the aforesaid share transfer with the local AIC. After the transfer, Shanghai Nissin was a direct wholly-owned subsidiary of our Company. In 2011, the registered share capital of Shanghai Nissin was increased from US\$25,000,000 to US\$44,000,000. On 8 September 2015, our Company transferred the entire equity interest of Shanghai Nissin to Nissin China Holding, details of which are set out in the paragraph headed "Reorganisation – (2) Transfer of equity interests in our PRC subsidiaries from our Company to Nissin China Holding" in this section. Shanghai Nissin currently has a registered share capital of US\$44,000,000 and is a direct wholly-owned subsidiary of Nissin China Holding.

Shanghai Nissin owned a production plant in Songjiang, where the Group had manufactured a portion of our instant noodle products there during the Track Record Period. In order to meet the increasing demand to further facilitate our business expansion in the PRC, our Group constructed a new production plant equipped with more advanced production machinery and equipment in Pinghu. As a result, our Group closed down the Songjiang Production Plant in October 2016. Application for winding up of Shanghai Nissin on voluntary basis was also submitted to the relevant PRC authority in October 2016. As at the Latest Practicable Date, Shanghai Nissin was in the process of voluntary liquidation.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Establishment of Nissin China Holding

Nissin China Holding was established as a wholly-owned foreign enterprise under the laws of the PRC on 29 October 2001 with a registered capital of US\$30,000,000 and commenced business from 29 October 2001. Since its incorporation, Nissin China Holding has been a direct wholly-owned subsidiary of our Company. Nissin China Holding is principally engaged in investment holding in the PRC and purchase and sales of instant noodles. Nissin China Holding currently has a registered capital of RMB1,443,797,800.

Acquisition of Gangyongnan and Zhuhai Winner

Gangyongnan and Zhuhai Winner are subsidiaries of Winner Food, which was acquired by us in January 2014. For details of our acquisition of Winner Food, please refer to the paragraph headed “Development of our major operating subsidiaries in Hong Kong – Acquisition of Winner Food” of this section. Gangyongnan was established as a wholly-owned foreign enterprise under the law of the PRC on 9 March 1999 and is principally engaged in the trading and sales of frozen food products. From its incorporation and up to the Latest Practicable Date, Gangyongnan was wholly-owned by Winner Food.

Zhuhai Winner was established as a sino-foreign joint venture enterprise under the law of the PRC on 3 July 1993 and is principally engaged in the manufacture and sales of instant noodles under the brand of “DOLLS (公仔)” (紅). At the time when we acquired Winner Food in January 2014 and up to Latest Practicable Date, Zhuhai Winner was held as to 70.45% by Winner Food and 29.55% by Zhuhai S.E.Z. Western Development Co.* (珠海經濟特區西部發展總公司), an Independent Third Party. Our Directors consider that the cooperation is beneficial to our Group as a whole.

Establishment of Dongguan Nissin, Fujian Nissin and Zhejiang Nissin

Dongguan Nissin was established by our Company as a wholly-owned foreign enterprise under the law of the PRC on 17 October 2013 with a registered capital of RMB147,000,000. Dongguan Nissin is principally engaged in the manufacture of packaging materials of instant noodles. On 10 September 2015, our Company transferred the entire equity interest of Dongguan Nissin to Nissin China Holding, details of which are set out in the paragraph headed “Reorganisation – (2) Transfer of equity interests in our PRC subsidiaries from our Company to Nissin China Holding” in this section. Upon the said transfer, Dongguan Nissin became the direct wholly-owned subsidiary of Nissin China Holding.

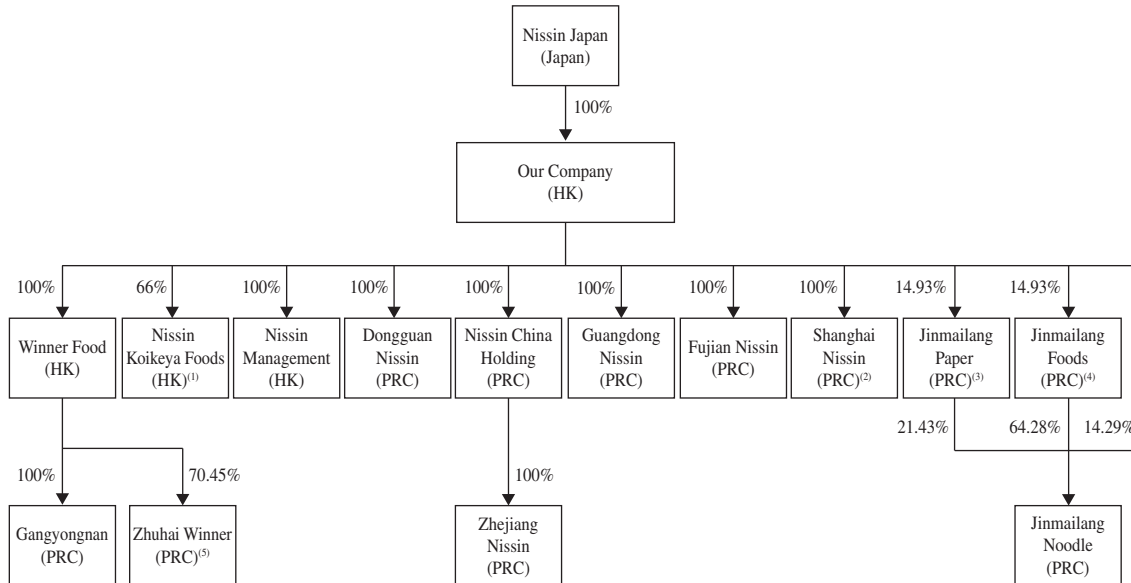
Fujian Nissin was established by our Company as a wholly-owned foreign enterprise under the laws of the PRC on 19 February 2014 with a registered capital of RMB235,000,000. Fujian Nissin is principally engaged in the manufacture of instant noodles and packaging materials. On 31 July 2015, our Company transferred the entire equity interest of Fujian Nissin to Nissin China Holding, details of which are set out in the paragraph headed “Reorganisation – (2) Transfer of equity interests in our PRC subsidiaries from our Company to Nissin China Holding” in this section. Since then, Fujian Nissin became the direct wholly-owned subsidiary of Nissin China Holding.

Zhejiang Nissin was established as a wholly-owned foreign enterprise under the laws of the PRC on 25 November 2014 with a registered capital of RMB350,000,000. Zhejiang Nissin is principally engaged in the manufacture of instant noodles. Since its establishment, Zhejiang Nissin has been a direct wholly-owned subsidiary of Nissin China Holding.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

The following diagram illustrates our corporate structure immediately before the Reorganisation:



Notes:

- (1) The remaining equity interest in Nissin Koikeya Foods was held by KOIKE-YA, which is in turn, held by Nissin Japan as to approximately 34.53%.
- (2) Shanghai Nissin is in the process of voluntary liquidation. The application for liquidation was submitted to relevant PRC authority in October 2016.
- (3) The remaining equity interest in Jinmailang Paper was held by Jinmailang Investment.
- (4) The remaining equity interest in Jinmailang Foods was held by Jinmailang Investment.
- (5) The remaining equity interest in Zhuhai Winner was held by Zhuhai S.E.Z. Western Development Co.* (珠海經濟特區西部發展總公司).

The Reorganisation which was effected in preparation for our Listing included the following major steps:

(1) Incorporation of Nissin Foods HK

Nissin Foods HK was incorporated by our Company in Hong Kong on 25 August 2015 with the entire issued share capital of HK\$10,000,000, comprising 10,000,000 shares issued to our Company for a total consideration of HK\$10,000,000. After its incorporation, the product sales and distribution function of our Company was shifted to Nissin Foods HK.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(2) *Transfer of equity interests in our PRC subsidiaries from our Company to Nissin China Holding*

Our Company transferred all of its direct equity interests in our PRC subsidiaries to Nissin China Holding. Since then, Nissin China Holding became the holding company of all our PRC subsidiaries, except for Gangyongnan and Zhuhai Winner. The details of each of the equity transfers are as follows:

<u>Company</u>	<u>Percentage of shareholdings transferred</u>	<u>Consideration</u>	<u>Date of Agreement</u>	<u>Date of business license issued by local AIC following the transfer</u>
1 Dongguan Nissin	100%	RMB147,265,700, which was satisfied by Nissin China Holding issuing new shares with the value equivalent to RMB147,265,700 to our Company	9 February 2015	9 November 2015
2 Shanghai Nissin	100%	RMB207,831,400, which was satisfied by Nissin China Holding issuing new shares with the value equivalent to RMB207,831,400 to our Company	1 September 2015	29 October 2015
3 Guangdong Nissin	100%	RMB168,552,200, which was satisfied by Nissin China Holding issuing new shares with the value equivalent to RMB168,552,200 to our Company	20 April 2015	10 November 2015
4 Fujian Nissin	100%	RMB234,938,000, which was satisfied by Nissin China Holding issuing new shares with the value equivalent to RMB234,938,000 to our Company	9 February 2015	15 October 2015

The considerations of the transfers of the above companies were determined with reference to the valuation of each of the companies as at 30 June 2014 appraised by an Independent Third Party. After the equity transfers, Dongguan Nissin, Shanghai Nissin, Guangdong Nissin, Fujian Nissin and Zhejiang Nissin became the direct wholly-owned subsidiaries of Nissin China Holding. We consider that integrating all of our business in the PRC (other than Gangyongnan and Zhuhai Winner) under Nissin China Holding would enhance the overall efficiency in the management of our Group and is therefore beneficial to our Group as a whole.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our PRC Legal Advisers have confirmed that the above transfers were completed in accordance with the respective agreements and all necessary approvals and registrations in the PRC have been obtained.

ACQUISITIONS AND DISPOSALS OF OUR GROUP

Save as disclosed above in this section, set out below are details of the acquisitions and disposals of certain interests in certain entities conducted by our Group during the Track Record Period and up to the Latest Practicable Date:

(1) Disposals of Jinmailang

With an aim to strengthen and enhance our business exposure in the PRC, on 12 May 2004, our Company entered into two joint venture agreements with Jinmailang Investment, one of the major manufacturers and suppliers of instant noodle products in the PRC, pursuant to which we agreed to acquire by way of capital injection minority interest in Jinmailang Foods and Jinmailang Paper. Jinmailang Foods was principally engaged in the technical guidance services in relation to instant noodles and seasonings. Jinmailang Paper was principally engaged in the technical guidance services in relation to paper products. Further, in 2012, we acquired 14.29% interest in Jinmailang Noodle in order to rationalize our investment in Jinmailang and to expand our sales and distribution network in the PRC. Jinmailang Noodle was principally engaged in the production and sales of instant noodles and other preserved foods. Immediately before the disposals of Jinmailang in 2015, we were interested in 14.93%, 14.93% and 14.29% of the entire issued share capital of Jinmailang Paper, Jinmailang Foods and Jinmailang Noodle, respectively.

On 26 November 2015, our Company entered into the following agreements to dispose of our equity interest in Jinmailang to Jinmailang Investment, an Independent Third Party:

- (a) a share transfer agreement with Jinmailang Investment, pursuant to which our Company transferred its 14.93% equity interest in Jinmailang Paper to Jinmailang Investment, at a consideration of RMB46,477,874;
- (b) a share transfer agreement with Jinmailang Investment, pursuant to which our Company transferred its 14.93% equity interest in Jinmailang Foods to Jinmailang Investment, at a consideration of RMB240,946,669; and
- (c) a share transfer agreement with Jinmailang Investment, Jinmailang Paper and Jinmailang Foods, pursuant to which our Company transferred its 14.29% equity interest in Jinmailang Noodle to Jinmailang Investment at a consideration of RMB162,575,457.

The consideration in each of the above transfers was determined with reference to a valuation conducted by an Independent Third Party. The appraised value in the valuation was based on the respective net asset values of Jinmailang Paper, Jinmailang Foods and Jinmailang Noodle and was settled by way of cash on 7 January 2016, 11 January 2016 and 11 January 2016, respectively. Following the disposals, we ceased to hold any equity interest in Jinmailang Paper, Jinmailang Foods and Jinmailang Noodle.

As our Group has successfully established our brands and developed our sales and distribution network in the PRC and we plan to concentrate on developing our own brands in the PRC market, we consider that it is in the best interest of our Group to dispose of our minority interests in Jinmailang Paper, Jinmailang Foods and Jinmailang Noodle, which were booked as available-for-sale investments in our financial statements.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our PRC Legal Advisers have confirmed that the disposals were completed in accordance with the share transfer agreements and all necessary approvals and registrations in the PRC have been obtained.

(2) Acquisition of a minority interest in Nissin Shanghai Food Safety Institute

On 18 January 2016, our Company and Nissin Japan entered into an agreement pursuant to which our Company agreed to subscribe for, on enlarged basis, 5.0% equity interest in Nissin Shanghai Food Safety Institute at a total consideration of US\$502,350. The consideration is determined with reference to a valuation conducted by an Independent Third Party. As we have been engaging Nissin Shanghai Food Safety Institute to provide food testing services throughout the Track Record Period, we consider that the acquisition of a minority interest in Nissin Shanghai Food Safety Institute would enhance a stable supply of food testing services to our Group.

As at the Latest Practicable Date, approval of the acquisition from the local MOFCOM had been obtained, and our Company had completed the capital injection of the consideration to Nissin Shanghai Food Safety Institute. Our PRC Legal Advisers have confirmed that all necessary approvals in relation to the above investment in the PRC would have been obtained.

(3) Acquisition of MCMS

MCMS was incorporated in Hong Kong on 17 January 1978. Immediately before the acquisition of the controlling stake of MCMS by our Company, MCMS was held by Mitsubishi (being a minority shareholder of Nissin Japan) and MCHK (being a wholly-owned subsidiary of Mitsubishi) as to 70.0% and 30.0% respectively. In order to further expand our product portfolio in Hong Kong, on 28 December 2016, Mitsubishi and MCHK and our Company entered into a share sale and purchase agreement, pursuant to which Mitsubishi and MCHK agreed to sell and our Company agreed to purchase an aggregate of 51.0% of the entire issued ordinary share capital of MCMS, at a consideration of HK\$42,458,934 (the “**Acquisition**”). The consideration was arrived at after arm’s length negotiations between the parties and was determined with reference to the historical earnings and financial performance of MCMS as well as its future prospect and was settled by way of cash on 15 March 2017. MCMS is principally engaged in distribution of beverages, processed food and sauce products of a number of brands in Hong Kong and Macau. Upon the Acquisition, our Group expects to have a more extended marketing network as well as product portfolio in Hong Kong.

The Acquisition was completed on 15 March 2017, whereupon MCMS became our subsidiary owned by our Company and Mitsubishi as to 51.0% and 49.0%, respectively. Our Hong Kong legal adviser has confirmed that the Acquisition was completed in accordance with the share sale and purchase agreement.

Mitsubishi, MCMS and our Company entered into a shareholders’ agreement on 15 March 2017. Below are the major terms of the shareholders’ agreement:

- (i) the board of directors of MCMS will be responsible for the management and supervision of the business of MCMS. The majority of the directors of MCMS are nominated by our Company. The chairman of the board of directors is also selected by our Company so long as our Company remains the largest shareholder of MCMS;

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (ii) each of Mitsubishi and our Company shall not transfer any of its shares in MCMS within five years from the date of the shareholders' agreement; and
- (iii) Mitsubishi shall procure MCHK to continue to supply processed food and beverage products to MCMS for its onward sales in Hong Kong and Macau pursuant to a master supply agreement made between MCHK and MCMS.

SUBSCRIPTION OF NEW SHARES BY OUR DIRECTOR

On 18 February 2016, our Company and Mr. Kiyotaka Ando, our executive Director, chairman of the Board and chief executive officer of the Group signed a subscription agreement pursuant to which Mr. Kiyotaka Ando agreed to subscribe for 283,837 new Shares at a subscription price of HK\$155 per Share (the “**Subscription Shares**”). The aggregate consideration of HK\$43,994,735 was fully paid up and settled and the Subscription Shares were allotted on 19 February 2016. The subscription price was determined based on arm's length negotiation with regard to the valuation appraised by independent business valuer. Taking into account of the Share Subdivision, the effective price paid by Mr. Kiyotaka Ando for each Subscription Share was HK\$3.88, which is approximately 1.3% higher than the mid-point Offer Price of HK\$3.83. Upon completion of the above subscription, the Subscription Shares represent approximately 1.41% of the then total number of issued Shares of our Company as enlarged by the subscription and approximately 1.06% of the total number of issued Shares of our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised). The investment proceeds paid by Mr. Kiyotaka Ando was applied for general working capital of our Group.

No special rights have been assigned to Mr. Kiyotaka Ando whose entitlement is equal to that of other Shareholders of our Company under our Articles of Association. Mr. Kiyotaka Ando has given a lock-up undertaking pursuant to which he has undertaken not to dispose, transfer, mortgage, charge or otherwise deal with the Subscription Shares, or create any options, rights, interests or encumbrances in respect of the Subscription Shares up to six months after the Listing Date. We consider that the investment made by Mr. Kiyotaka Ando on normal commercial terms is beneficial to our Group as a whole as it shows our management's confidence in the future business performance of our Group and it also provides additional working capital to our Group.

THE EMPLOYEE TRUST AND THE SHARE AWARD SCHEME

On 7 March 2016, we established the Employee Trust with Acheson Limited as the trustee, for the purposes of recognising and rewarding the contributions of the selected employees of our Group and motivating their contribution to the future development of our Group.

On the same date, 13,200 new Shares in our Company were allotted to Acheson Limited for holding such Shares for the purpose of the Share Award Scheme. The beneficiaries of the Employee Trust under the Share Award Scheme shall be directors and employees of our Group. Under the rules of the Share Award Scheme, (i) the grantees who have been awarded Shares under the Employee Trust shall not have voting rights prior to the vesting of the awarded Shares; and (ii) the trustee of the Employee Trust shall hold the voting rights in respect of any Shares held by it under the Employee Trust but shall not exercise such voting rights. Any Shares awarded under the Share Award Scheme but not vested in accordance with the rules of the Share Award Scheme shall lapse and may be re-allocated for future awards at our discretion.

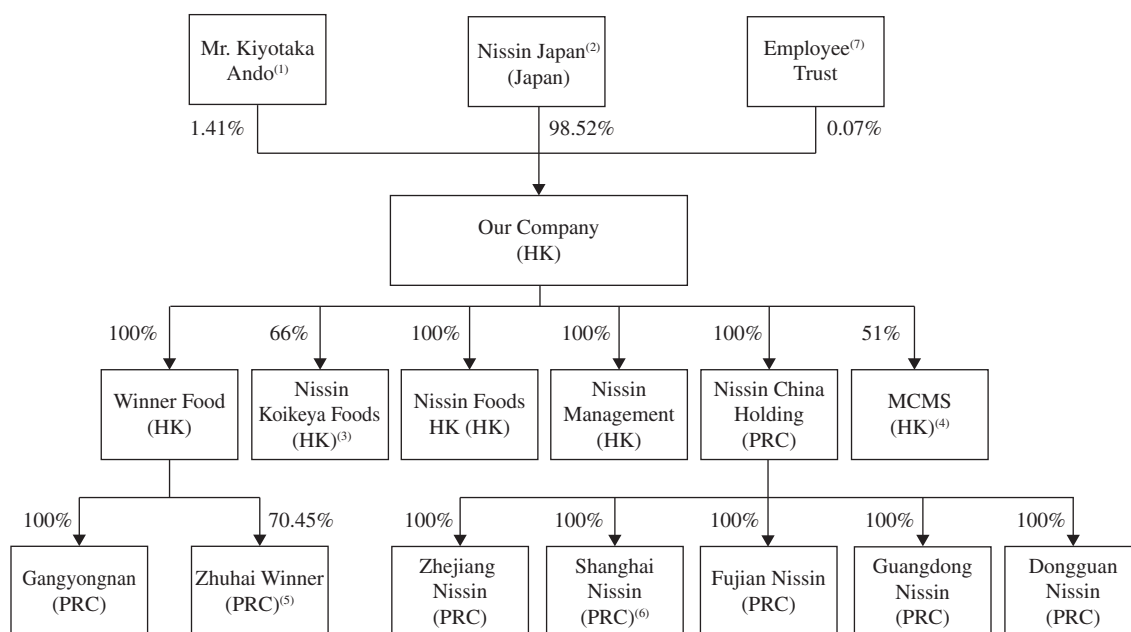
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Since such allotment and up to the Latest Practicable Date, the total number of issued Shares were 20,143,487 and our Company was owned by Nissin Japan, Mr. Kiyotaka Ando and the Trustee as to approximately 98.52%, 1.41% and 0.07%, respectively. For details of the Share Award Scheme, please refer to the section headed “Statutory and General Information – D. Share Award Scheme” in Appendix IV to this prospectus.

SHARE SUBDIVISION OF THE COMPANY

In contemplation of the Global Offering, the total number of 20,143,487 issued Shares of our Company were subdivided into 805,739,480 Shares, pursuant to the written resolutions of our Shareholders passed on 21 November 2017.

The following diagram illustrates our corporate structure immediately following the completion of the Reorganisation and before the Global Offering:



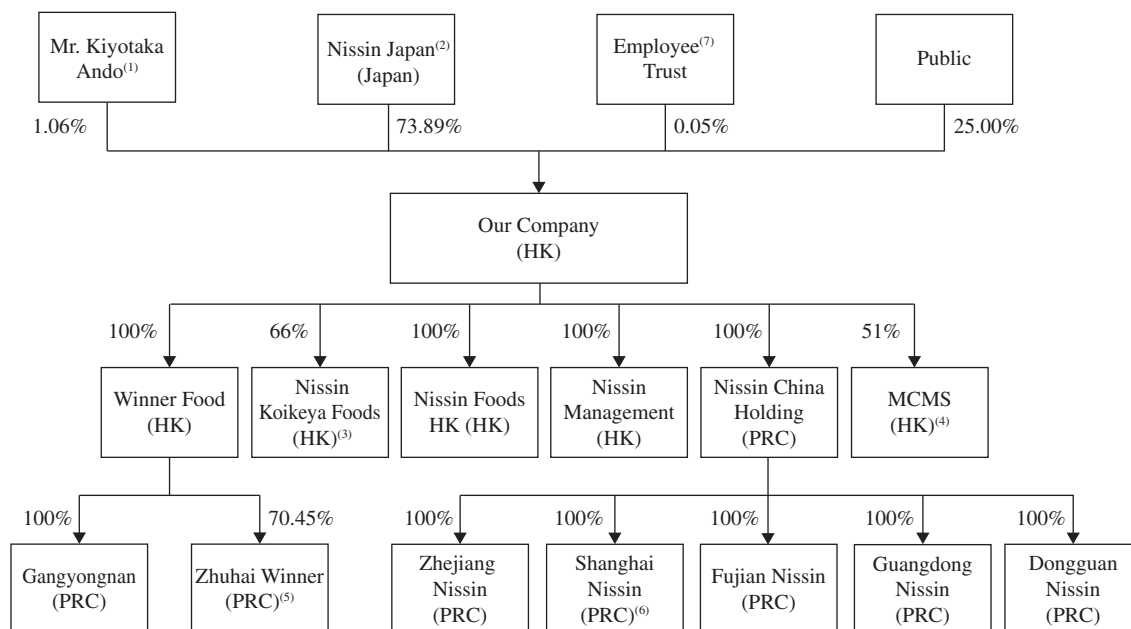
Notes:

- (1) Mr. Kiyotaka Ando is the executive Director, chairman of the Board and chief executive officer of our Company.
- (2) To the best knowledge of our Directors based on the available information after their reasonable enquiries, as at the Latest Practicable Date, Nissin Japan did not have any shareholder holding in excess of 7.0% of its issued share capital and none of its shareholders was in position to control the majority members of its board of directors. Accordingly Nissin Japan does not have any controlling shareholder.
- (3) The remaining interests in Nissin Koikeya Foods are held by KOIKE-YA which is in turn owned by Nissin Japan as to approximately 34.53%.
- (4) The remaining interests in MCMS are held by Mitsubishi.
- (5) The remaining interests in Zhuhai Winner are held by Zhuhai S.E.Z. Western Development Co. (珠海經濟特區西部發展總公司).
- (6) Shanghai Nissin is in the process of voluntary liquidation. The application for liquidation was submitted to relevant PRC authority in October 2016.
- (7) The Shares held by Acheson Limited, the trustee of the Employee Trust, will not be counted towards the public float under Rule 8.24 of the Listing Rules. Under the rules of the Share Award Scheme, (i) the grantees who have been

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

awarded Shares under the Employee Trust shall not have voting rights prior to the vesting of the awarded Shares; and (ii) the trustee of the Employee Trust shall hold the voting rights in respect of any Shares held by it under the Employee Trust but shall not exercise such voting rights. Any Shares awarded under the Share Award Scheme but not vested in accordance with the rules of the Share Award Scheme shall lapse and may be re-allocated for future awards at our discretion. For more details of our Share Award Scheme, please refer to the section headed “Statutory and General Information – D. Share Award Scheme” in Appendix IV to this prospectus.

The following diagram illustrates the shareholding and corporate structure of our Group immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1) Mr. Kiyotaka Ando is the executive Director, chairman of the Board and chief executive officer of our Company.
- (2) To the best knowledge of our Directors based on the available information after their reasonable enquiries, as at the Latest Practicable Date, Nissin Japan did not have any shareholder holding in excess of 7.0% of its issued share capital and none of its shareholders was in position to control the majority members of its board of directors. Accordingly, Nissin Japan does not have any controlling shareholder.
- (3) The remaining interests in Nissin Koikeya Foods are held by KOIKE-YA which is in turn owned by Nissin Japan as to approximately 34.53%.
- (4) The remaining interests in MCMS are held by Mitsubishi.
- (5) The remaining interests in Zhuhai Winner are held by Zhuhai S.E.Z. Western Development Co. (珠海經濟特區西部發展總公司).
- (6) Shanghai Nissin is in the process of voluntary liquidation. The application for liquidation was submitted to relevant PRC authority in October 2016.
- (7) The Shares held by Acheson Limited, the trustee of the Employee Trust, will not be counted towards the public float under Rule 8.24 of the Listing Rules. Under the rules of the Share Award Scheme, (i) the grantees who have been awarded Shares under the Employee Trust shall not have voting rights prior to the vesting of the awarded Shares; and (ii) the trustee of the Employee Trust shall hold the voting rights in respect of any Shares held by it under the Employee Trust but shall not exercise such voting rights. Any Shares awarded under the Share Award Scheme but not vested in accordance with the rules of the Share Award Scheme shall lapse and may be re-allocated for future awards at our discretion. For more details of our Share Award Scheme, please refer to the section headed “Statutory and General Information – D. Share Award Scheme” in Appendix IV to this prospectus.

OVERVIEW

We are 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. According to Frost & Sullivan, premium instant noodles of instant noodles market in Hong Kong and the PRC are defined as instant noodles with high quality that are generally priced over HK\$6.00/RMB5.00 per cup/bowl/bag. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively, and were also the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.6% and 1.3% of the total PRC instant noodle market in terms of retail sales value and sales volume in 2016, respectively. We also engage 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 and sauce products. According to Frost & Sullivan, we were the second largest frozen dim sum company in Hong Kong, accounted for approximately 25.2% and 23.8% of the total Hong Kong frozen dim sum market in terms of retail sales value and retail sales volume in 2016, respectively.

Our origin can be traced back to 1948 when Mr. Momofuku Ando (安藤百福) founded the Nissin Japan Group. In 1958, Mr. Momofuku Ando (安藤百福) established our core corporate brand, “NISSIN (日清)” (NISSIN) and invented the world’s first instant noodle, “Chicken Ramen (雞湯拉麵)”. In 1968, Nissin Japan launched “Demae Iccho (出前一丁)” (出前一丁) and in 1971, launched “Cup Noodles (合味道)” (合味道), which was the world’s first container type-instant noodle, and was also introduced to Hong Kong in the same year. In 1984, we officially established our presence in Hong Kong and gradually expanded into the PRC markets. Throughout the years, we have primarily engaged in the manufacture and sales of premium instant noodle and high quality frozen food and other food products under our two core corporate brands, namely “NISSIN (日清)” (NISSIN) and “DOLL (公仔)” (公仔). Our five flagship product brands, namely “Cup Noodles (合味道)” (合味道), “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (公仔點心) and “Fuku (福)” (福), together with a number of successfully developed key products, have allowed us to enjoy high popularity and recognition among consumers and achieve strong business performance in Hong Kong and the PRC. In order to further expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS.

We primarily sell our products to third-party distributors on a wholesale basis. Our distributors then on-sell our products to their sub-distributors, retailers and other customers. We also sell some of our products directly to retailers, which primarily include supermarkets, hyperstores and convenience stores, and other direct customers, which primarily include restaurants, hotels, airlines and other corporations, to partially minimise our sales and distribution expenses. With our established sales and distribution network spread over Hong Kong and the PRC, we primarily target consumers with high consumption power and strong desire for premium instant noodle and high quality frozen food and other food products. In addition, we also sell a small portion of our food products, mainly instant noodles, to Macau, Taiwan and certain overseas countries, such as the US, Canada, the UK and Australia, targeting their Chinese communities. As at 30 June 2017, we had on average more than six and a half years of business relationship with our top five customers.

BUSINESS

With Nissin Japan being the pioneer of the world's instant noodle industry and on a mission to transform the food culture of people around the world, we have inherited a strong first-mover advantage of production know-how and techniques for our food products. Nevertheless, we have been continuously strengthening our own research and development capabilities to make enhancement and modification on our production techniques and process so that our food products are able to suit the tastes and preferences of local consumers. As at 30 June 2017, we were able to offer over 540 SKUs of food products and over 230 different flavours of instant noodles in Hong Kong, the PRC and overseas under our various product brands. We currently manufacture the majority of our food products and packaging materials at our nine production plants strategically located in Hong Kong and the PRC. We also enter into various outsourcing and procurement arrangements with third-party contract manufacturers and/or suppliers to manufacture and/or supply a portion of instant noodle, frozen food and other food and beverage products under our and other brands.

Our revenue increased from approximately HK\$2,536.0 million for the year ended 31 December 2014 to approximately HK\$2,628.7 million for the year ended 31 December 2015 and further to approximately HK\$2,629.9 million for the year ended 31 December 2016, representing a CAGR of approximately 1.8% for the same period. Our revenue also increased from approximately HK\$1,323.0 million for the six months ended 30 June 2016 to approximately HK\$1,343.8 million for the six months ended 30 June 2017. As our consolidated financial statements are prepared in HK dollars, the results and financial position of our PRC subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. For the year ended 31 December 2014 to the year ended 31 December 2016, our revenue in the PRC translated from Renminbi to HK dollars increased by approximately 6.8%, while excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 15.5% for the same period. For the six months ended 30 June 2016 to the six months ended 30 June 2017, although our revenue in the PRC translated from Renminbi to HK dollars decreased by approximately 3.6%, excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 1.0% for the same period. For the purpose to illustrate the effect of foreign exchange on our historical financial statements by retranslating the revenue of our PRC subsidiaries in its functional currency to the presenting currency of our Group using the average exchange rate same as that in the preceding year, our revenue would additionally increase by (i) approximately 0.9% for the year ended 31 December 2014 to the year ended 31 December 2015; and (ii) approximately 3.6% for the year ended 31 December 2015 to the year ended 31 December 2016.

Our profit for the years ended 31 December 2014, 2015 and 2016 was approximately HK\$172.8 million, HK\$116.2 million and HK\$107.2 million, respectively. The decrease in our profit for the year ended 31 December 2015 was primarily due to our loss on disposal of our entire equity interest in Jinmailang in that year. The decrease in our profit for the year ended 31 December 2016 was primarily due to our other expenses incurred as a result of ceasing operation and closing down of our Songjiang Production Plant. For more details, please refer to the sections headed "History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (1) Disposals of Jinmailang", "Business – Production – Production plants" and "Financial information" in this prospectus. Our profit decreased from approximately HK\$115.1 million for the six months ended 30 June 2016 to approximately HK\$102.6 million for the six months ended 30 June 2017. Such decrease was primarily due to the increase in our cost of sales and hence decrease in our gross profit as a result of our increased outsourcing and/or procurement cost of other branded products



BUSINESS


following our acquisition of 51.0% equity interest of MCMS. For more details, please refer to the section headed “Financial Information – Principal income statement components – Cost of sales” in this prospectus. For the purpose to illustrate the effect of foreign exchange on our historical financial statements by retranslating the segment result of our PRC subsidiaries in its functional currency to the presenting currency of our Group using the average exchange rate same as that in the preceding year, our total segment profit for the year would additionally increase by (i) approximately 1.1% for the year ended 31 December 2014 to the year ended 31 December 2015; and (ii) approximately 4.3% for the year ended 31 December 2015 to the year ended 31 December 2016.








COMPETITIVE STRENGTHS

We believe that the following competitive strengths have allowed us to achieve sustainable growth and profitability and maintain our positions in the instant noodle market in Hong Kong and the PRC:

A diversified portfolio of iconic household premium food brands with a strong multi-national brand and cultural heritage

We are a renowned food company in Hong Kong and the PRC, primarily focusing on the premium instant noodle segment. With our well-known two corporate brands, “NISSIN (日清)” () and “DOLL (公仔)” (), together with a diversified portfolio of iconic household premium food brands, we believe that we have highly differentiated ourselves from our competitors in the instant noodle, frozen food and other food products markets in Hong Kong and the PRC.

Inspired by the four tenets of our founder, Mr. Momofuku Ando (安藤百福), which are (i) “Peace will come to the world when there is enough food (食足世平)”; (ii) “Create foods to serve society (食創為世)”; (iii) “Eat wisely for beauty and health (美健賢食)”; and (iv) “Food related jobs are sacred profession (食為聖職)”, Nissin Group has been dedicating itself to provide high quality and safe food products to society for decades. Nowadays, Nissin Japan not only has the largest market share in terms of retail sales value in the Japanese instant noodle market, it has also promoted its corporate brand, “NISSIN (日清)” (), outside Japan by launching a diversified portfolio of food brands and products throughout the years. Some of these food brands have then become iconic household premium food brands that enjoy high popularity among consumers around the world due to their distinctive brand images and innovative products with high food safety and quality standards. As we are sharing the same essence of the business philosophy of Nissin Japan, we believe that our brand and cultural heritage from Nissin Japan is one of our core and unique competitive advantages in the instant noodle, frozen food and other food products markets in Hong Kong and the PRC.

Over the past 30 years, we have successfully built a diversified portfolio of product brands under our two core corporate brands, “NISSIN (日清)” () and “DOLL (公仔)” (), which are well-known and highly popular among local consumers and primarily targeting different segments of instant noodle, frozen food and other food product markets in Hong Kong and the PRC. Our key products offered under our five flagship product brands, namely “Cup Noodles (合味道)” (), “Demae Iccho (出前一丁)” (), “Doll Instant Noodle (公仔麵)” (), “Doll Dim Sum (公仔點心)” () and “Fuku (福)” (), have differentiated packaging and pricing strategies, which have allowed us to capture a broad consumer base by targeting consumers across different age generations and income groups. Further, according to Frost & Sullivan, products offered under our five flagship brands are among the most popular choices in their respective food product categories in Hong Kong.

We believe that our effective brand promotional and marketing and advertising activities have been critical to our success. To increase our brand awareness and raise our brand profile among consumers, we regularly launch new marketing initiatives. We have focused our marketing efforts on our major consumer group among the younger generation by implementing innovative and unique social networking activities, for example, launching web-based games and mobile applications to promote our brands and products. We also run advertisements in various mass media featuring our “Demae Iccho (出前一丁)” comics ambassador “清仔” (清仔), which we believe have also helped us to further raise our brand awareness among the general public. In our more mature Hong Kong market, we have also set up pop-up stores and establish our first My Cup Noodles Factory and Demae Iccho Factory in Hong Kong, aiming to promote our brands and connect with younger generation, children and family consumers in a closer manner through direct and active experience with our brands and products. We have also engaged pop stars and celebrities as our product spokespersons and advertise our brands and products through newspapers, television, billboards in railway stations and displays on buses and taxis. In the PRC market, we have strategically adopted “pull” tactics as our core marketing strategies to primarily focus on promotional activities through various in-store tasting events and participation in food exhibitions so that consumers can immediately experience the high quality and distinctiveness of our innovative products, which in turn have helped us to differentiate ourselves from our competitors and expand our consumer base and increase sales opportunities. In addition, we also hold promotional campaigns and in-store promotional events to launch and promote new flavours of our instant noodle products from time to time.

Leading position in the Hong Kong instant noodle market with the ability to effectively replicate success into the PRC instant noodle market and other food markets

Established by Nissin Japan in Hong Kong in 1984, we have been the pioneer of the Hong Kong instant noodle market. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. Leveraging our success and experience in Hong Kong, we have been able to replicate our business model into the PRC market in a cost-effective manner. According to Frost & Sullivan, we were the third largest instant noodle company in both Guangdong and Fujian provinces and the fourth largest instant noodle company in Shanghai, Zhejiang and Jiangsu provinces in the PRC in terms of retail sales value in 2016. More importantly, our iconic premium food brands and innovative products with high safety and quality standards have allowed us to well position in the PRC premium instant noodle market. According to Frost & Sullivan, we ranked second in terms of retail sales value in the PRC premium instant noodle market in 2016, accounted for approximately 19.8% of the total PRC premium instant noodle market.

In addition, we believe that with our leading position and brand reputation in the Hong Kong instant noodle market, we are able to effectively launch new products and product brands to increase our market shares in both instant noodle and other food markets. For instance, we began to sell potato chip products under our “Nissin Koikeya (日清湖池屋)” (日清湖池屋) in Hong Kong in 2014. During the Track Record Period, we had achieved rapid revenue growth for such product segment from approximately HK\$7.1 million for the year ended 31 December 2014 to approximately HK\$18.5 million for the year ended 31 December 2016. Further, in view of the general rising health awareness of the consumers, we also expanded our instant noodle product offerings by launching non-fried bar ramen with a number of flavours under our “Demae Iccho (出前一丁)” (出前一丁) in 2016. According to Frost & Sullivan, we were the largest instant noodle company in the Hong Kong bar instant noodle market in terms of retail sales value in 2016, with a market share of approximately 52.0%.

Wide range of premium and high quality products with strong research and development capabilities










We believe that our product innovation and strong research and development capabilities are among our most valuable assets which distinguish us from our competitors. We have a dedicated research and development team in both Hong Kong and the PRC to conduct research and select our food ingredients and develop new products that cater to ever changing tastes and preferences of the local consumers and tailor to different target consumer base. As at 30 June 2017, we had 25 and 17 personnel in our research and development team in Hong Kong and the PRC, respectively, among which the key team members had on average more than five years of relevant work experience. Our research and development team is primarily responsible for expanding and diversifying our product ranges by improving noodle textures and soup base, developing and introducing new flavours, seasoning and condiment and enhancing our production techniques. We also have a separate team under our research and development team focusing on the design, research and development of our frozen food and other food products. Further, our design team under our marketing team has also spent significant efforts on designing and developing innovative packaging and labelling for our products to enhance consumers' eating experience and awareness of our brands. For example, our "Cup Noodles (合味道)" (合味道) is the world's first container-type instant noodle and has the seasoning and condiments pre-mixed in the cup, which allows consumers to consume by simply lifting the lid and adding hot water. Further, the special paper-made cups also offer extra insulating effect that can effectively block off the moisture to keep our noodles, soup base, seasoning and condiments in a dry and fresh condition during storage and at the same time, protect consumers' hands when adding hot water into the containers during consumption. In addition, we introduced "ECO cup" concept in 2009 for our "Cup Noodles (合味道)" (合味道), where "ECO" stands for ecology (for the earth), customers (for everyone) and originality (for taste), to increase our brand and product awareness. We believe that our product innovation enables our instant noodle products, our main business segment, to offer value in five core aspects: excellent and differentiated taste, storable for long period of time, easy to consume, high food safety and hygiene standard.

Further, our research and development teams work closely with our sales and marketing team to transfer our concepts into commercially viable products and to enhance and upgrade our existing products based on market feedback. For example, our "Cup Noodles (合味道)" (合味道) instant noodle products are strategically designed to target urban white collars and younger generation with high disposable income who require high product qualities. We also launched big-cup and mini-cup for such products to tailor to consumers' demand for different serving portions and developed new authentic flavours, such as chili crab, black pepper crab and tom yum goong, to satisfy consumers' varying tastes. We also successfully introduced cup and bowl-type "Demae Iccho (出前一丁)" (出前一丁) instant noodle products, which have generally achieved stable growth in recent years. In addition, we have also launched non-soup based bowl-type instant noodles under our "Nissin Fried Noodle (日清炒麵大王)" (日清), "U.F.O. (飛碟炒麵)" (UFO) and "Nissin Taisho (大將炒麵)" (大將) product brands to develop other markets, frozen udon and water dumpling products under our "NISSIN (日清)" (NISSIN) corporate brand to primarily target the organic product market, and non-fried instant noodles under our "Fuku (福)" (福) product brand to target the mass market and older consumers. Furthermore, in order to enhance and create fun eating experience for our consumers, we have also launched cup-type "U.F.O. (飛碟炒麵)" (UFO) instant noodle products in the PRC in 2016 to target student consumers, which allows them to simply pour hot water and shake the products for consumption.

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We believe that our wide product portfolio with our strong research and development capabilities and attention to product details, have been and will continue to be our core competitive strength for our success in the premium instant noodle markets in Hong Kong and the PRC.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, we launched two, 16, 33 and eight new instant noodle products and 10, 20, 21 and 11 new frozen food and other food products in Hong Kong and the PRC, respectively. As at 30 June 2017, we were able to offer over 540 SKUs of food products and over 230 different flavours of instant noodles in Hong Kong, the PRC and overseas. The following table sets out our certain products successfully launched over the past few years:

Selected products launched	Year of launch
“NISSIN (日清)” () – Nissin Fruit Granola	2017
“NISSIN (日清)” () – Nissin Matcha Granola	2017
“NISSIN (日清)” () – Nissin Soya Beans Granola	2017
“NISSIN (日清)” () – Nissin Water Dumpling (Chinese White Cabbage & Pork)	2016
“NISSIN (日清)” () – Nissin Water Dumpling (Cabbage, Black Fungus & Pork).	2016
“NISSIN (日清)” () – Nissin Frozen Sanuki Udon (Organic)	2016
“U.F.O” () – U.F.O (Cup Type) Yu Xiang Rou Si Flavour and Tie Ban Niu Rou Flavour	2016
“Demae Iccho (出前一丁)” () – Demae Iccho Bar Ramen Kyushu Tonkotsu Flavour and Black Garlic Oil Tonkotsu Flavour	2016
“Big Cup Noodles (合味道)” () – Curry Seafood Flavour and XO Sauce Seafood Flavour	2016
“Cup Noodles (合味道)” () – Laksa Flavour	2016
“Karamucho (激辣魔薯)” ()	2015
“Cup Noodles (合味道)” () – Black Pepper Crab Flavour Potato Chips.	2015
“Fuku (福)” () – Non-fried noodles	2015
“Cup Noodles (合味道)” () – Tom Yum Goong Flavour	2014
“Big Cup Noodles (合味道)” ()	2012
“Cup Noodles (合味道)” () – Mini Cup.	2012
“Cup Noodles (合味道)” () – Frozen Rice	2012
“Demae Iccho (出前一丁)” () – Black Garlic Oil Tonkotsu Flavour	2011

Established sales and distribution network in Hong Kong and the PRC

We primarily sell our products to third-party distributors, retailers and other direct customers on a wholesale basis. As at 30 June 2017, we had in total 605 distributors, 70 retailers and 434 other direct customers in our established sales and distribution network spread over Hong Kong and the PRC, primarily targeting consumers with high consumption power and strong desire for premium instant noodle and high quality frozen food and other food products. Among them, sales to our top five customers as at 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounted for approximately 65.9%, 65.5%, 63.7% and 58.8% of our total revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. As at 30 June 2017, we had on average more than six years of business relationship with our top five customers.

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Leveraging our long history, strong market positions and brand recognitions in Hong Kong, our products have achieved high penetration in the Hong Kong market. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, and were also the second largest frozen dim sum company in Hong Kong in 2016. In the PRC market, we have been primarily focusing our sales efforts in the first and second tier cities in eastern and southern China, such as Shanghai, Hangzhou, Suzhou, Guangzhou, Dongguan, Zhuhai, Shantou and Xiamen, through distribution channel of our distributors. We believe that our distributorship model has allowed us to benefit from the established distribution network and resources of our distributors, which in turn, allow us to save costs that would otherwise be required to build up an extensive local network. Such business model also allows us to focus on the key links of the value chain that would deliver the most value to our business, such as brand promotion, design and development, marketing, quality control and managing our relationship with suppliers and customers. As at the Latest Practicable Date, we had three sales offices in Hong Kong, two sales offices in Macau and 56 liaising points across the PRC to facilitate our sales offices in the PRC. As at 30 June 2017, we also had 1,138 dedicated sales and marketing personnel who work closely with our distributors and their sub-distributors to jointly develop and implement sales and marketing plans and to provide them with regular marketing support at our points of sale and support on aftersales services. Further, our established sales and distribution network also provides us with the timely market information about consumers' tastes and preferences and hence, increases the effectiveness of the penetration of our products and the launch of our new products to the market within a short period of time.

In addition, we also sell a small portion of our food products, mainly instant noodles, to Macau, Taiwan and certain overseas countries such as the US, the UK, Canada and Australia, targeting their Chinese communities. We believe that such sales arrangement has also allowed us to continue to serve our premium instant noodle products to our existing loyal Chinese consumers outside Hong Kong and the PRC without incurring too much selling and distribution expenses and helped us raise our brand profile among consumers in the world.

Deep industry know-how with strategically located and advanced production plants and pursuit of excellence in product quality and safety

With Nissin Japan being the pioneer of the world's instant noodle industry and on a mission to transform the food culture of people around the world, we have inherited a strong first-mover advantage of production know-how and techniques for our food products. Nevertheless, we have been continuously making enhancement and modification to our own production techniques and process so that our food products are able to suit the tastes and preferences of our local consumers. Further, to efficiently facilitate our production and sales and distribution network, we have established nine production plants in strategic areas, including two production plants in Hong Kong (Nissin Plant and Wing On Plant) and one production plant in each of Shunde and Zhuhai, Guangdong province (Shunde Production Plant and Zhuhai Production Plant), Pinghu, Zhejiang province (Pinghu Production Plant) and Xiamen, Fujian province (Xiamen Production Plant) for our instant noodles, one production plant in Hong Kong (Wintai Plant) for our frozen food products, and one production plant in each of Hong Kong and Dongguan, Guangdong province (Winner Plant and Dongguan Production Plant) for our work in progress, such as packaging materials. We believe that these production plants give us convenient access to our major suppliers and sales markets in Hong Kong and major regions in the PRC and reduce our transportation costs and delivery time. Moreover, in order to optimise production efficiency and pursue excellence in food quality and

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safety, our production process for instant noodles, from raw material mixing, forming, steaming and frying the noodles, inserting seasoning and condiments to final product plastic wrapping and box packaging, are highly standardised and automated, and the majority of our production process for frozen foods are also automated with minimal manual process. In addition, we have made substantial investment on purchasing advanced production machinery and equipment to upgrade our production lines. Our production and research and development teams also work closely to customise our production machinery and equipment to reduce our direct labour costs while still effectively meeting our specifically designed production standards and enhance our production efficiency.

We believe that stringent food quality and safety standards are our core values and it is our mission to contribute to safety and security of the food industry as a market leader. As such, we have been continuously focusing our efforts to monitor and ensure the quality and safety of our food products throughout our procurement and production process. We have been accredited with ISO 9001 or ISO 22000 for all of our existing operational production plants in Hong Kong and the PRC, except for our Pinghu Production Plant and our Dongguan Production Plant for packaging materials. We have also been accredited with Organic Processing and Handling Certification in February 2016, which certifies our compliance with the Organic Production, Aquaculture and Processing Standard 2015 issued by Hong Kong Organic Resource Centre Certification Ltd., the first local certification body of organic products set up under the Agricultural Development Fund to facilitate the development of organic farming in Hong Kong. We also regularly run various professional tests and analysis at the Nissin Shanghai Food Safety Institute, including pesticide residues test, veterinary drug residues test, microbiological test, heavy metals test and mycotoxin test, to prevent contamination and ensure the quality and safety of our raw materials and finished products. The Nissin Shanghai Food Safety Institute, of which we currently own 5.0% of its equity interest, is accredited by the China National Accreditation Service for Conformity Assessment with ISO/IEC 17025. Further, we also regularly exchange ideas and experience with the Nissin Global Innovation Center and the Nissin Global Food Safety Institute, which is an in-house food safety centre based in Japan and owned by Nissin Japan. We believe that these certifications and initiatives signify our commitment to pursue excellence in our quality control standards and food safety measures, which we believe is fundamental to consumers' loyalty and confidence to our brands and products.

Experienced and high calibre management team with a proven track record

We have an experienced and dedicated management team led by our chief executive officer and executive Director, Mr. Kiyotaka Ando, who has over seven years of management and industrial experience in the food industry and obtained his bachelor of arts in economics degree in Keio University. Mr. Ando is also the grandson of Mr. Momofuku Ando (安藤百福), the founder of the Nissin Japan Group, and is currently a managing officer of Nissin Japan and a director of one subsidiary of Nissin Japan (both are non-executive in nature). Our other executive Directors, Mr. Shinji Tatsutani, Mr. Munehiko Ono, Mr. Yoshihide Semimaru and Mr. Hijiri Fukuoka, also have more than 29, 25, 25, and 24 years of experience in the instant noodle industry, respectively.

Our experienced senior management team comprises industry leaders and experts, all of whom possess extensive experience in the food industry for more than 11 years on average. Several members of our core management team have also worked with the Nissin Japan Group for more than

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16 years on average, where they developed extensive experience in brand, product and sales and distribution management and manufacturing operations. Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further details of our Directors’ and senior management team’s biographies. Further, in order to effectively and efficiently facilitate our business operation and development in Hong Kong and the PRC, we also hire local talents with experience in the food industry. In particular, our sales and marketing team has built up significant local market know-how and expertise, including gaining deep understanding of local consumers’ tastes and preferences and maintaining stable relationship with local distribution channels. We believe that our experienced senior management team has played a key role in leading the operation and development strategies of our Group and provided us with deep industry and operational knowledge, together with our talent local hires, which have been and will continue to be the key to our success in our future operations and profitability.

FUTURE STRATEGIES

We will continue to strengthen our leading positions in the Hong Kong and PRC premium instant noodle markets, and further expand our business in the PRC. We intend to accomplish our unique and visionary “3DNV” strategic ethos to discover, distinguish and distribute new values. We aim to:

- “Discover New Value” through further product innovation and development. We believe we have introduced market leading new products and flavours throughout our history and aim to continue to do so in the future. We also aim to enhance our product scope and particularly target snack and organic food markets as we believe they have greater potential for our Group;
- “Distinguish New Value” through renewed efforts to distinguish, market and promote our brands and products, from innovative product packaging all the way to in-store presentation; and
- “Distribute New Value” through further expanding our sales network and distribution channels, especially in the PRC market.

To achieve our “3DNV” strategic ethos, we intend to implement the following strategies:

Further strengthen our market positions in the instant noodle industries in Hong Kong and the PRC with a focus on the premium instant noodle segment, further expand our shares in the frozen food and other food product markets in Hong Kong and the PRC, and further enhance our brand recognition and awareness

We will continue to strengthen our market positions in the Hong Kong and PRC instant noodle industries with a focus on the premium instant noodle segment. According to Frost & Sullivan, the Hong Kong premium instant noodle market has experienced a stable growth at a CAGR of approximately 6.0% from 2012 and 2016 and is expected to continue to grow at a CAGR of approximately 5.1% from 2016 to 2021, reaching approximately HK\$1,052.8 million in terms of retail sales value in 2021. In the PRC, although the PRC instant noodle market experienced a CAGR of approximately 0.4% from 2012 to 2016 in terms of retail sales value due to various factors, including food and safety concerns and increase of retail selling prices by certain major

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market players, the PRC premium instant noodle market witnessed a fast growth at a CAGR of approximately 11.2% from 2012 to 2016 in terms of retail sales value and is expected to grow at a CAGR of approximately 11.7% from 2016 to 2021, reaching approximately RMB13.0 billion in 2021. Such growths are primarily driven by the increasing number of middle class, upgrade of consumption experience by consumers, product innovation in flavours and packaging and increasing willingness of consumers to consume healthy instant noodles with better quality. As such, we plan to continue to replicate our success in Hong Kong and southern China and further invest into the PRC market to capture the potential growth of the PRC premium instant noodle market. In doing so, we intend to deepen our relationship with our existing customers in Hong Kong and the PRC by continuously providing them with a wide range of high quality and value-added products as this will likely offer us additional sales opportunities. In addition, we will continue to communicate with our customers and conduct comprehensive research on the tastes and preferences of the local consumers to anticipate changes in consumption trends so that we can enhance the eating experiences of our existing consumers, which in turn, increase their loyalties to us. Internally, we will further emphasise collaboration between each of our operating teams in Hong Kong and the PRC to share successful experience and exchange ideas to ensure thorough penetration of our brands and accelerate the growth of our key products in the PRC.

Further, by leveraging our leading positions in the Hong Kong and PRC premium instant noodle markets, we plan to continue to expand our shares in the frozen food and other food product markets in Hong Kong and the PRC by launching new product brands and premium products. In particular, in view of our success of launching and selling potato chip products in Hong Kong, we have started selling potato chip products in the PRC and have redesignated one of the production lines at our Shunde Production Plant to self-produce part of our potato chip products starting from June 2017.

Apart from the above, we will further enhance our brand recognition and awareness, in particular, among younger generation by devoting more resources in our promotional and marketing and advertising activities with multi-faceted marketing strategies, including traditional advertising channels, including print and television media and in-store promotional campaigns, as well as social network activities and event sponsorships targeting younger generation. We believe such marketing strategies are critical and essential to our future success.

Continue to discover new values by product innovation, and further enhance our research and development capabilities and expand our product offerings

We believe that continuous product innovation and improvement is an important factor for us to further strengthen our market positions. As such, we plan to further invest in and strengthen our market-oriented product development effort to continuously provide new and innovative products by discovering, identifying and reacting to the new trends of consumers' tastes and preferences in Hong Kong and the PRC.

In light of the general rising health awareness of the consumers, we plan to continue to refine our innovative product offerings by introducing low-oil, light-calories, low-sodium and organic food products to particularly target female and younger consumers. Furthermore, by leveraging the leading position of Nissin Japan in the Japanese food industry and its strong research and development capabilities and wide portfolio of innovative products, we have the competitive advantages to introduce new products designed and/or manufactured by Nissin Japan to Hong Kong

and the PRC that suit the preference of the local consumers with a relatively lower cost. At the same time, we will continue to exchange ideas with Nissin Japan on a regular basis to improve our raw material selection, including soup and condiment, and production techniques, including noodle textures. In addition, we also plan to further strengthen our research and development capabilities to improve our packaging materials to enhance the eating experience of our consumers and improve the production efficiency of our production machinery and equipment. To achieve the above, we plan to recruit additional experienced and talented personnel, including product developers, technologists and other production technicians, to join our research and development team.

Further extend the breadth and depth of our sales and distribution network in the PRC

While we ranked second in the PRC premium instant noodle market in terms of retail sales value in 2016, according to Frost & Sullivan, the PRC premium instant noodle market merely accounted for approximately 9.2% of the total PRC instant noodle market in 2016 in terms of retail sales value. As such, we believe we have a huge potential for business growth in the PRC premium instant noodle market. To achieve that, we intend to further expand the breadth and depth of our existing sales and distribution network to facilitate the distribution of our premium food products to a broader consumer group and hence increase our market share in the PRC.

During the Track Record Period, our sales efforts mainly focused in the first and second tier cities in eastern and southern China, such as Shanghai, Hangzhou, Suzhou, Guangzhou, Dongguan, Zhuhai, Shantou and Xiamen. In future, we will continue our sales focus in these major cities while further expand the breadth and depth of our sales and distribution network into the other major cities with strong growth potential, such as Beijing, Shenyang, Qingdao and Chengdu, which we believe are economic hubs that possess higher purchasing power and acceptance for premium food products. In addition, we also plan to establish our presence and gradually expand our sales and distribution network into relatively lower tier cities in the PRC with stronger market potential and increasing number of middle class to increase our market shares. We plan to increase the number of distributors and retailers, and also sales personnel to assist us in the expansion of our sales and distribution network coverage in the PRC. To achieve that, we intend to continuously adopt our “pull” tactics by increasing our in-store tasting events so that consumers can experience the high quality and distinctiveness of our innovative products, which in turn, can help us to differentiate ourselves from our competitors and immediately expand our target consumer base and attract quality distributors and sales personnel with solid track records and strong distribution network. We will also leverage our experience in our more matured PRC markets to duplicate our success and support our new customers and sales personnel so that we are able to effectively and efficiently enhance our brand profile and increase market penetration of our products in the new regional markets in the PRC. As at 30 June 2017, we had 56 liaising points in the PRC. We plan to further increase our liaising points in the PRC to around 70 by 2020 and in particular, increase our sales and penetration in the northern and western China.

Further enhance our production capacities and continue to prioritise on food quality and safety

Due to the current constraints on our areas of production plants and optimal production speeds reached by our various production machinery and equipment, certain of our production plants are reaching their designed production capacities. For example, the utilisation rate of our Nissin Plant and Zhuhai Production Plant, both being the production plants for our instant noodles, had reached approximately 90.6%, 84.6% and 83.0% and 108.5%, 118.2% and 101.5% for the years ended 31 December 2014, 2015 and 2016, respectively, even though we had adjusted their production line allocation and/or operating hours and production speed. As such, we constructed our Xiamen

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Production Plant in 2015 and Pinghu Production Plant in 2016. We commenced production at our Xiamen Production Plant in May 2016 and commenced pilot production at our Pinghu Production Plant in May 2017. We have passed the construction completion environmental protection inspection in late August 2017. We have also expanded our Dongguan Production Plant in 2016 for packaging materials to continuously lower our raw material costs and increase profitability. In addition, we are also in the process of upgrading and expanding our Nissin Plant for the production of our instant noodle products and also for the purpose of warehouse facilities. We have completed the first phase of expanding our Nissin Plant in the end of 2016 and expect to complete the rest of the expansion by the end of 2018. In order to meet the growing demand of our customers as we continue to expand our business, we plan to further upgrade and expand our existing production plants and construct new production plants and production lines. For more details, please refer to the sections headed “Business – Production – Production plants”, “Business – Production – Our expansion plan” and “Financial Information – Capital expenditures – Planned capital expenditures” in this prospectus.

We believe stringent standards on food quality and safety are the foundation of our success. In view of the food safety incidents in the PRC in recent years, consumers are becoming more aware of food safety and quality issues. We expect food quality and safety to be one of the key concerns when consumers make their purchase decisions. We will continue to prioritise on our food quality and safety by investing more resources to implement more stringent and consistent standards on quality control measures throughout our procurement, production and sales processes.

Pursue appropriate strategic partnership or acquisition to achieve both horizontal and vertical business integrations

We have been continuously exploring strategic partnerships and/or acquisitions as part of our business development in Hong Kong and the PRC to achieve both horizontal and vertical business integrations. For instances, in order to expand our brand portfolio and product offerings and increase our competitiveness, we acquired the entire equity interest of Winner Food which owns the famous Hong Kong local food brand of “DOLL (公仔)” (大) through a series of acquisitions over the years. We also acquired the “Fuku (福)” (福) product brand in 2012, which is another well-known Hong Kong instant noodle brand. Further, we entered into a joint venture arrangement with KOIKE-YA in 2013 to develop and sell potato chip products under the “Nissin Koikeya (日清湖池屋)” (日清湖池屋) (NISSIN) product brand. During the Track Record Period, sales of our products under these product brands had continuously contributed to our revenue growth. Further, in order to further expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products under a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS. We believe that, by leveraging our current competitive strengths, including our leading market positions, strong brand recognitions, established sales and distribution network along with our established management and quality control systems, strong research and development capabilities and production capacities, we are able to establish more strategic partnerships with and/or acquire both domestic or foreign well-known brands with premium products to increase our market shares, reduce our fixed costs and hence, increase our profitability.

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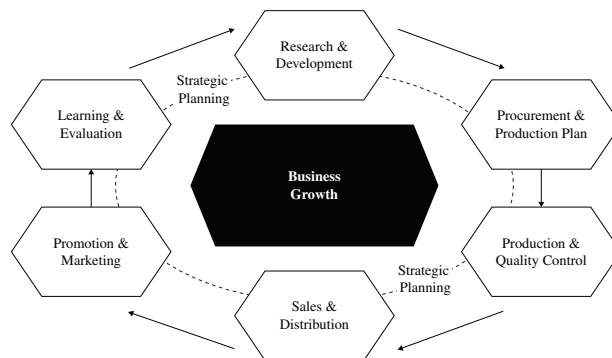
In future, we intend to explore further strategic partnerships and/or acquisitions that are compatible with our business to achieve horizontal and/or vertical integration. We believe that such strategy will further strengthen our value chain and increase our cost efficiency and competitiveness as it may help us to expand our sources of key raw materials, gain experience and expertise in developing new products, gather market intelligence on the latest consumer trends and provide us with the appropriate platform to expand into different product categories in the future. We would consider a number of factors in selecting partnership or acquisition targets, including, among others, the size of the company and the expected contribution to our business growth. In terms of the nature and the types of business to be sought, we will continue to focus on exploring food or food related companies mainly in Hong Kong, Macau, the PRC and Taiwan.

While we continue to evaluate potential acquisitions of business or products, as at the Latest Practicable Date, we had not identified any acquisition target and we had not, nor has anyone on our behalf, initiated any discussions, directly or indirectly, with respect to identifying any acquisition target.

OUR BUSINESS MODEL

During the Track Record Period, we developed, manufactured and marketed a wide range of premium instant noodle, high quality frozen food and other food products in Hong Kong and the PRC through a holistic and closely-monitored business model. We believe dedication and control in every step of the business process helps to contribute to effective operations and high quality products that distinguish us from our competitors. Centered around our objectives for business growth, the process involves cross-border management between Hong Kong and the PRC markets. From research and raw material sourcing to product design and development, to marketing activities and sales channel management, the process is evaluated and enhanced on an on-going basis in order to ensure our products can continue to cater to the changing tastes and needs of the markets and the consumers we serve.

The following diagram illustrates our business model:



OUR BRANDS

We are a renowned food company in Hong Kong and the PRC primarily focusing on premium instant noodle segment with a diversified portfolio of well-known and highly popular product brands, which are broadly grouped under our two core corporate brands, namely, “NISSIN (日清)” (NISSIN) and “DOLL (公仔)” (大). According to Frost & Sullivan, premium instant noodles are defined as instant noodles with high quality that are generally priced equal to or higher than HK\$6.00/RMB5.00 per cup/bowl/bag.

Our origin can be traced back to 1948 when Mr. Momofuku Ando (安藤百福) founded the Nissin Japan Group. In 1958, Mr. Momofuku Ando (安藤百福) established our core corporate brand, “NISSIN (日清)” (NISSIN) and invented the world’s first instant noodle, “Chicken Ramen (雞湯拉麵)”. In 1968, Nissin Japan launched “Demae Iccho (出前一丁)” (出前一丁), and in 1971, launched “Cup Noodles (合味道)” (合味道), which was the world’s first container-type instant noodle, and the same was also introduced to Hong Kong in the same year. In 1984, we established our presence in Hong Kong and gradually entered into the PRC market to manufacture and sell premium instant noodle and high quality frozen food and other food products under our diversified portfolio of well-known and highly popular product brands.

In order to strategically position ourselves and strengthen our brand portfolio, product offerings and market shares, we acquired the entire equity interest in Winner Food through a series of acquisitions over the years. Winner Food is a famous local food manufacturer in Hong Kong, which manufactures and sells instant noodle and frozen food products primarily under its famous “DOLL (公仔)” (大) brand. “DOLL (公仔)” (大) has now become one of our core corporate brands. Throughout the years, we have been continuously exploring strategic partnerships and/or acquisitions as part of our business development in Hong Kong and the PRC. We acquired “Fuku (福)” (福) brand in 2012 to diversify our instant noodle product offerings. We also entered into a joint venture with KOIKE-YA in 2013 to develop and sell potato chip products under the brand of “Nissin Koikeya (日清湖池屋)” (NISSIN). Further, in order to further expand our product portfolio in Hong Kong and Macau, we also acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS. For more details of our business development and milestones for each of our corporate and product brands, please refer to the section headed “History, Reorganisation and Corporate Structure” in this prospectus.

As at 30 June 2017, we have successfully developed 26 key products under our two core corporate brands, targeting different segments of instant noodle, frozen food and other food product markets in Hong Kong and the PRC. Please refer to the section headed “Business – Our products” for more details of our key products by product category. Our five flagship product brands, namely “Cup Noodles (合味道)” (合味道), “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (大公仔點心) and “Fuku (福)” (福), have allowed us to enjoy high popularity and recognition among consumers and achieve strong business performance in Hong Kong and the PRC. Our “Cup Noodles (合味道)” (合味道) is strategically designed to target students, white collars and younger consumers who pursue premium and high quality food products. Our “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (大公仔點心) and “Fuku (福)” (福) are designed to target all consumers. In particular, our “Cup Noodles (合味道)” (合味道) is also the world’s first container-type instant noodle launched in 1971 and is famous for its premium quality and

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differentiated flavours. According to Frost & Sullivan, products offered under our five flagship product brands, namely “Cup Noodles (合味道)” (合味道), “Demaie Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (公仔點心) and “Fuku (福)” (福) are also among the most popular choices in respective food product categories in Hong Kong.

We have won numerous awards and recognitions for our well-known and highly popular brands throughout the years. For instance, we were awarded with “Yahoo! Emotive Brand Awards (感情品牌大獎)” by Yahoo Hong Kong in 2011, “Monde Selection (世界食品品質評鑑大賞)” by International Institute for Quality Selection in 2012, “The 14th Favourite Brands Awards: The Top 10 Supermarket Brands – Demae Iccho (第十四屆超市名牌選舉：十大超市名牌 – 出前一丁 – 即食麵)” by Wellcome Supermarket in 2013, “Top 500 Manufacturing Company in the Guangdong Province (廣東省製造業企業500強)” by The Manufacturing Association of the Guangdong Province in 2014, “The 16th Favourite Brands Awards: The Top 10 Supermarket Brands – Nissin Instant Noodle (第十六屆超市名牌選舉：十大超市名牌 – 出前一丁即食麵)” by Wellcome Supermarket and “PARKnSHOP Super Brands Award (百佳超卓品牌大賞)” by ParknShop in 2015, and “PARKnSHOP Super Brands Award (百佳超卓品牌大賞)” by ParknShop in 2016. For details of our awards and recognitions, please refer to the section headed “Business – Awards and recognitions” in this prospectus. We believe that our diversified portfolio of well-known and highly popular brands convey certain key concepts to our target consumers, including high quality and food safety standards and convenience, casual and innovative lifestyle, which are also the key qualities that differentiate ourselves from our competitors.

OUR PRODUCTS

We offer a wide range of food products, mainly instant noodle products including cup and bowl-type instant noodles and bag-type instant noodles; frozen food products primarily including frozen dim sums and frozen noodles; and other food products primarily including retort pouch and snack food products, under our diversified product brand portfolio. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, and accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. While we were the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.8% and 1.4% of the total PRC instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively, we ranked second in terms of retail sales value in the PRC premium instant noodle market in 2016, accounted for approximately 19.8% of the total PRC premium instant noodle market, according to the Frost and Sullivan. In addition, we were also the third largest instant noodle company in both Guangdong and Fujian provinces in the PRC in terms of retail sales value in 2016. Further, we were the second largest frozen dim sum company in Hong Kong, accounted for approximately 25.2% and 23.8% of the total Hong Kong frozen dim sum market in terms of retail sales value and retail sales volume in Hong Kong in 2016, respectively.

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The following table sets out our revenue by product category in Hong Kong and the PRC for the periods indicated:

Our main products	Year ended 31 December									Six months ended 30 June					
	2014			2015			2016			2016			2017		
	HK\$ ('000)	RMB ⁽⁴⁾ ('000)	% of total revenue	HK\$ ('000)	RMB ⁽⁴⁾ ('000)	% of total revenue	HK\$ ('000)	RMB ⁽⁴⁾ ('000)	% of total revenue	HK\$ ('000)	RMB ⁽⁴⁾ ('000)	% of total revenue	HK\$ ('000)	RMB ⁽⁴⁾ ('000)	% of total revenue
<i>(Unaudited)</i>															
Hong Kong⁽¹⁾ and overseas⁽²⁾															
Instant noodles															
Cup and bowl-type	352,339	-	13.9	365,153	-	13.9	386,222	-	14.7	195,108	-	14.7	177,061	-	13.2
Bag-type	588,975	-	23.2	565,692	-	21.5	531,825	-	20.2	267,427	-	20.3	244,436	-	18.2
Subtotal:	941,314	-	37.1	930,845	-	35.4	918,047	-	34.9	462,535	-	35.0	421,497	-	31.4
Frozen food and other products ⁽³⁾															
	223,671	-	8.8	238,948	-	9.1	247,765	-	9.4	122,310	-	9.2	210,858	-	15.7
Subtotal:	1,164,985	-	45.9	1,169,793	-	44.5	1,165,812	-	44.3	584,845	-	44.2	632,355	-	47.1
PRC															
Instant noodles															
Cup and bowl-type	1,225,713	971,194	48.3	1,273,218	1,024,915	48.4	1,260,568	1,080,496	48.0	633,127	532,897	47.9	608,491	536,714	45.3
Bag-type	108,432	85,916	4.3	138,165	111,220	5.3	166,032	142,314	6.3	84,048	70,742	6.3	89,310	78,774	6.6
Subtotal:	1,334,145	1,057,110	52.6	1,411,383	1,136,135	53.7	1,426,600	1,222,810	54.3	717,175	603,639	54.2	697,801	615,488	51.9
Frozen food and other products ⁽⁴⁾															
	36,854	29,201	1.5	47,487	38,226	1.8	37,493	32,137	1.4	20,978	17,657	1.6	13,627	12,020	1.0
Subtotal:	1,370,999	1,086,311	54.1	1,458,870	1,174,361	55.5	1,464,093	1,254,947	55.7	738,153	621,296	55.8	711,428	627,508	52.9
Total:	2,535,984	-	100.0	2,628,663	-	100.0	2,629,905	-	100.0	1,322,998	-	100.0	1,343,783	-	100.0

Notes:

- (1) Hong Kong sales included our sales to certain distributors based in Hong Kong who then on-sell our products to overseas.
- (2) Overseas sales included our sales to distributors based in Macau, Taiwan and other overseas markets, which amounted to approximately HK\$113.8 million, HK\$98.8 million, HK\$90.8 million and HK\$46.2 million for the years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017, respectively, accounting for approximately 4.5%, 3.8%, 3.5% and 3.4% of our total revenue for the same periods, respectively.
- (3) Other products in Hong Kong and overseas primarily included retort pouch, snack food and other branded products.
- (4) Other products in the PRC primarily included snack food products. We commenced to sell potato chip products in the PRC since June 2017.
- (5) At the average exchange rate of approximately HK\$1.00 to RMB0.79235 for the year ended 31 December 2014, approximately HK\$1.00 to RMB0.80498 for the year ended 31 December 2015, approximately HK\$1.00 to RMB0.85715 for the year ended 31 December 2016 and approximately HK\$1.00 to RMB0.88204 for the six months ended 30 June 2017.

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The tables below sets out our sales volume and average retail price range by product category in Hong Kong and the PRC for the periods indicated:

Our main products	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC per serving (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC per serving (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC per serving (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC per serving (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC per serving (HK\$/RMB)
Hong Kong and overseas										
Instant noodles										
Cup and bowl-type . . .	73,252	HK\$3.11 – 8.29	74,937	HK\$3.18 – 8.59	78,833	HK\$3.24 – 11.00	39,700	HK\$3.21 – 11.00	36,210	HK\$3.21 – 13.00
Bag-type	245,602	HK\$2.28 – 3.81	231,212	HK\$2.25 – 3.70	214,323	HK\$2.32 – 4.50	107,480	HK\$2.30 – 4.50	99,692	HK\$2.22 – 4.65
Frozen food and other products ⁽¹⁾	25,710	HK\$4.00 – 15.80	29,281	HK\$3.06 – 15.80	29,712	HK\$3.06 – 25.00	14,631	HK\$3.06 – 24.69	14,681	HK\$3.06 – 25.34
PRC										
Instant noodles										
Cup and bowl-type . . .	401,106	RMB2.27 – 6.20	421,540	RMB2.27 – 6.20	442,467	RMB2.26 – 9.50	218,097	RMB2.27 – 9.50	224,056	RMB2.30 – 9.50
Bag-type	54,917	RMB2.50 – 5.50	63,445	RMB2.50 – 5.50	77,301	RMB2.50 – 5.50	38,634	RMB2.50 – 5.50	41,093	RMB2.50 – 5.50
Frozen food and other products ⁽²⁾	4,277	RMB7.80 – 9.94	3,577	RMB6.55 – 10.27	3,834	RMB6.55 – 17.64	2,895	RMB6.07 – 21.80	3,172	RMB4.50 – 10.62

Notes:

- (1) Other products in Hong Kong and overseas primarily included retort pouch, snack food and other branded products.
- (2) Other products in the PRC primarily included snack food products. We commenced to sell potato chip products in the PRC since June 2017.

The following table sets out certain selected information about our 26 key products in Hong Kong and the PRC as at 30 June 2017

Instant noodles

Key product

Sample product pictures

“Cup Noodles (合味道)”



(Hong Kong)



(PRC)

“Big Cup Noodles (合味道大杯)”



(Hong Kong)



(PRC)

“Mini Cup Noodles (合味道迷你杯)”



(Hong Kong)



(PRC)

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Key product

Sample product pictures

“Demae Iccho (出前一丁)”



(Hong Kong and PRC)

“Demae Iccho (Cup type) (出前一丁(杯麵))”



(Hong Kong and PRC)

“Demae Iccho (Bowl noodle) (出前一丁(碗麵))”



(Hong Kong and PRC)

“Demae Iccho Bar Ramen (出前一丁棒丁麵)”



(Hong Kong)

“Chicken Ramen (日清始祖雞湯拉麵)”



(PRC)

“Doll Instant Noodle (公仔麵)”



(Hong Kong)

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Key product

“Doll Instant Mifun (公仔米粉)”

Sample product pictures



(Hong Kong)

“Doll Bowl Noodle (公仔碗麵)”



(Hong Kong)

“Doll Fried Noodle (公仔炒麵王)”



(Hong Kong)

“Doll Mini Bowl Noodle (迷你碗仔麵)”



(PRC)

“Fuku (福)”



(Hong Kong)

“U.F.O. (飛碟炒麵)”



(PRC)

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Frozen food and other food products

Key product

Sample product pictures

“Doll Dim Sum (公仔點心)”
(frozen food)



(Hong Kong)

“Ho e Sik (好e食)”
(frozen food)



(Hong Kong)

“Nissin Water Dumpling (日清水餃子)”
(frozen food)



(Hong Kong)

“Nissin Frozen Sanuki Udon (4 pcs)
(日清冷凍讃岐烏冬)(4食)”
(frozen food)



(Hong Kong)

“Karamucho (激辣魔薯)”
(potato chips)



(Hong Kong)

“Cup Noodles (合味道)”
(potato chips)



(Hong Kong)

“Demae Iccho (出前一丁)”
(potato chips)



(Hong Kong)

Key product

“Nissin Granola”
(other food products)

Sample product pictures



(Hong Kong)

Instant noodles

Instant noodles are pre-cooked and usually dried noodle blocks that are primarily made from wheat flour or rice flour, and can be consumed after being cooked or soaked in boiling water for three to five minutes. The world’s first instant noodle was invented by Mr. Momofuku Ando (安藤百福), the founder of the Nissin Japan Group, in 1958. In 1968, Nissin Japan launched “Demae Iccho (出前一丁)” (出前一丁) and in 1971, launched “Cup Noodles (合味道)” (合味道), the world’s first container-type instant noodle, and introduced the same in Hong Kong. In 1984, we set up our presence in Hong Kong and gradually entered into the PRC market to manufacture and sell premium instant noodle and high quality frozen food and other food products under our diversified portfolio of well-known and highly popular product brands. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, approximately 89.7%, 89.1%, 89.2% and 83.3% of our revenue was derived from the sales of our instant noodle products, respectively. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, and accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. While we were the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.8% and 1.4% of the total PRC instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively, we ranked second in terms of retail sales value in the PRC premium instant noodle market in 2016, accounted for approximately 19.8% of the total PRC premium instant noodle market, according to Frost and Sullivan.

We manufacture and sell instant noodles in cups, bowls and laminated bags. As at 30 June 2017, we were able to offer over 380 SKUs of instant noodle products, targeting different segments of the instant noodle markets in Hong Kong, the PRC and overseas. Our leading instant noodle product brands in Hong Kong include “Cup Noodles (合味道)” (合味道), “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵) and “Fuku (福)” (福), while our leading instant noodle product brands in the PRC include “Cup Noodles (合味道)” (合味道), “Doll Instant Noodle (公仔麵)” (公仔麵), “U.F.O. (飛碟炒麵)” (飛碟炒麵) and “The King of Noodles (日清拉王)” (日清拉王).

Cup and bowl-type instant noodles

Our cup and bowl-type instant noodles are sold in individually sealed cup or bowl containers that are made of paper or plastic. Our cup and bowl-type instant noodle products typically contain a single serving of between 33 to 124 grams of noodles along with different kinds of seasoning, condiments and/or sauces. The target consumer base for our cup and bowl-type instant noodle products is mainly students, white collars and younger consumers. We offer cup and bowl-type instant noodle products in different sizes, including regular size, mini-cup size and big-cup size, which tailor to consumers’ demand for different serving portions. We have also cooperated with two well-known cartoon and animation companies, under which we can use certain cartoon themes or images licensed from them for some of our cup and bowl-type instant noodle products. For instance, we launched “Hello Kitty Dim Sum Noodle (Hello Kitty 點心麵)” under our “Doll Dim Sum Noodle (公仔點心麵)” (點心麵) to particularly target children consumers. As at 30 June 2017, we were able to offer over 200 SKUs with over 150 flavours of cup and bowl-type instant noodles under our various product brands in Hong Kong, the PRC and overseas, including “Cup Noodles (合味道)”

(合味道), “Demae Iccho (出前一丁)” (出前一丁), “Doll Bowl Noodle (公仔碗麵)” (公仔碗麵), “Doll E-Men (公仔伊麵王碗麵)” (伊麵王), “Doll Bowl Mifun (公仔碗米粉)” (公仔米粉), “Doll Fried Noodle (公仔炒麵王)” (炒麵王), “Doll Dim Sum Noodle (公仔點心麵)” (點心麵), “Fuku(福)” (福), “日清點心杯” (點心杯), “U.F.O. (飛碟炒麵)” (UFO), “The King of Noodles (日清拉王)” (拉王), “Nissin Cup Type Rice Vermicelli (日清米粉)” (日清米粉), “Nissin Harusame (日清春雨)” (春雨), “Nissin Fried Noodle (日清炒麵大王)” (炒麵大王), “Nupasta (Cup) (新意派(杯裝))” (NUPASTA) and “日清I意麵” (NISSIN I意麵). The typical shelf life of our cup and bowl-type instant noodles is approximately six to 12 months.

Our flagship product brand for cup and bowl-type instant noodles is “Cup Noodles (合味道)” (合味道), which was first introduced into the Hong Kong market in 1984 and strategically designed to target students, white collars and younger consumers who pursue premium instant noodle products. Our “Cup Noodles (合味道)” (合味道) is also the world’s first container-type instant noodle launched in 1971 and has the seasoning and condiments pre-mixed in the cup, which allows consumers to consume by simply lifting the lid and adding hot water. The special paper-made cups also offer extra insulating effect that can effectively block off the moisture to keep our noodles, soup base, seasoning and condiments in a dry and fresh condition during storage and at the same time, protect consumers’ hands when adding hot water into the containers during consumption. Further, we also introduced “ECO cup” concept in 2009 for our “Cup Noodles (合味道)” (合味道), where “ECO” stands for ecology (for the earth), customers (for everyone) and originality (for taste), to increase our brand and product awareness. Our “Cup Noodles (合味道)” (合味道) is also famous for its premium quality and differentiated flavours. The signature flavours are seafood, beef and chicken. We have also developed and launched new authentic flavours in recent years, such as chili crab, black pepper crab, tom yum goong and laksa, to satisfy consumers’ varying tastes. For the six months ended 30 June 2017, the average retail prices of our cup and bowl-type instant noodle products under our flagship product brand “Cup Noodles (合味道)” (合味道) ranged from approximately HK\$4.85 to HK\$9.08 in Hong Kong and approximately RMB3.90 to RMB6.50 in the PRC.

We also manufacture and sell cup and bowl-type instant noodles under a number of our other well-known product brands, of which “Demae Iccho (出前一丁)” (出前一丁), “Doll Bowl Noodle (公仔碗麵)” (公仔碗麵), “Doll E-Men (公仔伊麵王碗麵)” (伊麵王), “Doll Bowl Mifun (公仔碗米粉)” (公仔米粉), “Doll Fried Noodle (公仔炒麵王)” (炒麵王), “Doll Dim Sum Noodle (公仔點心麵)” (點心麵), “Nissin Cup Type Rice Vermicelli (日清米粉)” (日清米粉), “Nissin Harusame (日清春雨)” (春雨), “Nissin Fried Noodle (日清炒麵大王)” (炒麵大王), “Donbei” (龍王) and “Nupasta (Cup) (新意派(杯裝))” (NUPASTA), primarily target the cup and bowl-type instant noodle market in Hong Kong, and “The King of Noodles (日清拉王)” (拉王), “Doll Bowl Noodle (公仔碗麵)” (公仔碗麵), “日清點心杯” (點心杯) and “日清I意麵” (NISSIN I意麵), primarily target the cup and bowl-type instant noodle market in the PRC. In order to enhance and create fun eating experience for our consumers, we have also launched cup-type “U.F.O. (飛碟炒麵)” (UFO) instant noodle products in the PRC in 2016 to target student consumers, which allows them to simply pour hot water and shake the products for consumption. For the six months ended 30 June 2017, the average retail prices of our cup and bowl-type instant noodle products under our flagship product brand “Doll Instant Noodle (公仔麵)” (公仔麵) ranged from approximately HK\$3.21 to HK\$5.99 in Hong Kong and approximately RMB2.30 to RMB4.99 in the PRC. The average retail prices of our cup and bowl-type instant noodle products vary under different product brands and ranged from approximately HK\$3.21 to HK\$13.00 in Hong Kong and approximately RMB2.30 to RMB9.50 in the PRC for the six months ended 30 June 2017.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, approximately 62.2%, 62.3%, 62.7% and 58.5% of our revenue was derived from the sales of our cup and bowl-type instant noodle products, respectively. We expect this segment to continue to grow as white collars and younger generation with busy lifestyles tend to pursue premium food products that can offer convenience at the same time. As such, we will continue to place emphasis on our cup and bowl-type instant noodles in the future.

Bag-type instant noodles

Our bag-type instant noodles are sold in individually laminated bags and typically contain a single serving of between 60 to 100 grams of noodles along with different kinds of seasoning and/or sauces. Our bag-type instant noodle products mainly target all consumers. We also offer bag-type instant noodles in package of four to five bags to particularly target families and housewives. As at 30 June 2017, we were able to offer over 180 SKUs with over 80 flavours of bag-type instant noodles under our various product brands in Hong Kong, the PRC and overseas, including “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Instant Mifun (公仔米粉)” (公仔米粉), “Doll E-Men (公仔伊麵王)” (伊麵王), “Fuku (福)” (福), “Nissin Taisho (大將炒麵)” (大將麵), “Nissin Mie Goreng (日清印尼撈麵)” (Mie Goreng 印尼撈麵), “Nissin Fried Noodle (日清炒麵大王)” (炒麵大王), “The King of Noodles (日清拉王)” (拉王), “Nupasta (Pack) (新意派(包裝))” (NUPASTA 新意派) and (日清始祖雞湯拉麵) (雞湯拉麵). The typical shelf life for our bag-type instant noodles is approximately six to 12 months.

One of our flagship product brands for bag-type instant noodles is “Demae Iccho (出前一丁)” (出前一丁), which was firstly introduced into the Hong Kong market in 1968 and offers high quality noodles and differentiated seasoning and/or sources. Our “Demae Iccho (出前一丁)” (出前一丁) continued to enjoy popularity in Hong Kong and gained stable growth in the PRC during the Track Record Period. For the six months ended 30 June 2017, the average retail prices of our bag-type instant noodle products under our flagship product brand “Demae Iccho (出前一丁)” (出前一丁) ranged from approximately HK\$3.19 to HK\$18.50 in Hong Kong and approximately RMB5.50 to RMB27.50 in the PRC, taking into account the average retail prices of family packages. Throughout the years, our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products have enjoyed a high level of consumer awareness and loyalty and are widely popular among local restaurants and Cha Chaan Teng (茶餐廳). Since 2000, our “Demae Iccho (出前一丁)” (出前一丁) has been awarded as “Hong Kong Top 10 Favorite Supermarket Brands (香港超市十大品牌)” for six times and has been one of the most popular family consumer goods. The signature red package with sesame oil flavour and the green package with Kyushu tonkotsu flavour are the iconic products of our “Demae Iccho (出前一丁)” (出前一丁) products. Our “Demae Iccho (出前一丁)” comics ambassador “清仔” (清仔) featured in mass media and on the product packaging has also helped us to further raise our brand awareness among the general public. Further, by leveraging our success of our bag-type “Demae Iccho (出前一丁)” (出前一丁) instant noodle products, we also successfully introduced cup and bowl-type “Demae Iccho (出前一丁)” (出前一丁) instant noodle products, which have achieved stable growth generally in recent years.

In addition to “Demae Iccho (出前一丁)” (出前一丁), our other flagship product brands are “Doll Instant Noodle (公仔麵)” (公仔麵) and “Fuku (福)” (福). They are also widely popular and well-known among the household consumers in Hong Kong. The “(福)” icon on the packaging of our “Doll Instant Noodle (公仔麵)” (公仔麵) products and the “(福)” character on the packaging of our “Fuku (福)” (福) products are the key differentiating packaging points for these brands. For the six months ended 30 June 2017, the average retail prices of our bag-type instant noodle products under our flagship product brand “Doll Instant Noodle (公仔麵)” (公仔麵) ranged from approximately HK\$2.22 to HK\$17.23 in Hong Kong and approximately RMB2.87 to RMB14.85 in the PRC, taking into account the average retail prices of family packages. For the six months ended 30 June 2017, the average retail prices of our bag-type instant noodle products under our flagship product brand “Fuku (福)” (福) ranged from approximately HK\$2.77 to HK\$13.55 in Hong Kong and were RMB23.50 in the PRC, taking into account the average retail prices of family packages.

We also manufacture and sell bag-type instant noodle products under a number of our other well-known product brands, of which “Doll Instant Mifun (公仔米粉)”, “Doll E-Men (公仔伊麵王)” (伊麵王), “Nissin Taisho (大將炒麵)” (大將), “Nissin Mie Goreng (日清印尼撈麵)” (Mie Goreng 印尼撈麵) and “Nupasta (Pack) (新意派(包裝))” (NUPASTA) primarily target the bag-type instant noodle market in Hong Kong, and “Nissin Fried Noodle (日清炒麵大王)” (日清), “The King of Noodles (日清拉王)” (拉王) and (日清始祖雞湯拉麵) (雞湯拉麵) primarily target the bag-type instant noodle market in the PRC. For the six months ended 30 June 2017, the average retail prices of our bag-type instant noodle products vary under various brands and ranged from approximately HK\$2.22 to HK\$18.50 in Hong Kong and approximately RMB2.50 to RMB27.50 in the PRC, taking into account the average retail prices of family packages.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, approximately 27.5%, 26.8%, 26.5% and 24.8% of our revenue was generated from the sales of our bag-type instant noodle products, respectively.

Frozen food and other products

In addition to our instant noodle products, we also sell a wide range of high quality frozen food products, including frozen dim sums, frozen spring rolls, frozen pasta, frozen rice, frozen noodles and chilled ready-made meals, and other food products, including retort pouch products such as desserts and curry and snack food products such as potato chips. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, approximately 10.3%, 10.9%, 10.8% and 16.7% of our revenue was generated from the sales of our frozen food and other food products, respectively.

Frozen food

We primarily manufacture and sell our frozen food products, such as shrimp shao mai, xiao long bao and glutinous rice dumpling, under various of our product brands, including our flagship product brand “Doll Dim Sum (公仔點心)” (公仔點心) and other product brands, including “Eatwell (好味)” (好味點心) and “Ho e Sik (好e食)” (好e食). We also launched frozen udon and frozen water dumpling products under our “NISSIN (日清)” (NISSIN) corporate brand in 2016 to primarily target the organic product market. As at 30 June 2017, we were able to offer over 125 SKUs of frozen food products in Hong Kong, the PRC and overseas. According to Frost & Sullivan, we were the second largest frozen dim sum company in Hong Kong, accounted for approximately 25.2% and 23.8% of the total Hong Kong frozen dim sum market in terms of retail sales value and retail sales volume in 2016, respectively. The typical shelf life for our frozen food products is approximately 12 to 18 months.

In 1990, Nissin Japan strategically acquired 74.0% of the equity interest in Winner Food in order to expand our product offerings and market share in Hong Kong. Winner Food is a famous local food manufacturer in Hong Kong, which manufactures and sells instant noodle and frozen food products under its famous “DOLL (公仔)” (公仔) brand. In order to strategically position ourselves and streamline our corporate structure, we have acquired the entire equity interest of Winner Food through a series of acquisitions over the years, and “DOLL (公仔)” (公仔) has now become one of our core corporate brands. For further details of the acquisition of Winner Food, please refer to the section headed “History, Reorganisation and Corporate Structure – Corporate development of our Group – Development of our major operating subsidiaries in Hong Kong –

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Acquisition of Winner Food” in this prospectus. Our frozen food products are typically packed in sealed laminated bags and are required to be kept in the freezer with a minimum of -18 degree Celsius (°C) before consumption. A single serving of our frozen food product is between 104 to 420 grams depending on the types of the frozen products. For the six months ended 30 June 2017, the average retail prices of our frozen food products ranged from approximately HK\$6.93 to HK\$27.00 in Hong Kong and from approximately RMB10.62 to RMB25.39 in the PRC, taking into account the average retail prices of family packages.

Other food products

We also sell other food products, including retort pouch products, such as desserts and curry, snack food products, such as potato chip, and cereal products. Since 2016, we have also procured confectionery products from the Nissin Japan Group and started selling the same in Hong Kong. The typical shelf life for our other food products is approximately eight to 12 months.

We primarily sell our retort pouch products in Hong Kong under our “Nissin Retort Pouch (日清美味寶)” (日清美味寶). According to Frost & Sullivan, retort pouch is a kind of food packaging made from a laminate of flexible plastic and metal foils, which is an alternative to traditional industrial canning methods. Retort pouch products can be eaten cold, warmed by submersing in hot water, or through the use of a flameless ration heater. As at 30 June 2017, we were able to offer nine SKUs of retort pouch products. A single serving of our retort pouch product is typically between 220 grams and 250 grams. For the six months ended 30 June 2017, the average retail price of our retort pouch products was approximately HK\$13.79 to HK\$14.65 in Hong Kong. We do not sell retort pouch products in the PRC.

Leveraging our strong brand reputation and market awareness of our instant noodle and frozen food products, we began to sell potato chip products under our “Nissin Koikeya (日清湖池屋)” (日清湖池屋) in Hong Kong in 2014 and in the PRC in 2017 after entering into a joint venture arrangement with KOIKE-YA in 2013. Please refer to the section headed “History, Reorganisation and Corporate Structure – Corporate development of our Group – Development of our major operating subsidiaries in Hong Kong – Establishment of Nissin Koikeya Foods” in this prospectus for further details of our joint venture arrangement. As at 30 June 2017, we were able to offer 15 SKUs of potato chip products to our consumers under various product brands, namely, “Karamucho (激辣魔薯)” (激辣魔薯), “Cup Noodles (合味道)” (合味道) and “Demae Iccho (出前一丁)” (出前一丁). For the six months ended 30 June 2017, the average retail price of our potato chip products was approximately HK\$4.00 to HK\$8.00 in Hong Kong and approximately RMB4.50 in the PRC. We have also started selling cereal products in Hong Kong in 2017 and for the six months ended 30 June 2017, the average retail price of our cereal products ranged from approximately HK\$18.00 to HK\$42.00 in Hong Kong. We intend to invest and continue to develop and increase our product offerings for other food products in Hong Kong and the PRC.

Other branded products



In order to further expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS primarily to retailers and other direct customers. Please refer to the section headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (3) Acquisition of MCMS” in this prospectus for further details.

SALES AND MARKETING

Overview

We sell our products to our distributors, retailers and other direct customers via our established sales and distribution network in Hong Kong and the PRC. We generally sell our products to our distributors on a wholesale basis. Our distributors then on-sell our products to their sub-distributors, retailers and other customers. We also sell our products directly to retailers, which primarily include supermarkets, hyperstores and convenience stores, and other direct customers, which primarily include restaurants, hotels, airlines and other corporations, to partially minimise our sales and distribution expenses. Further, we also sell a small portion of our products, mainly instant noodles, to Macau, Taiwan and certain overseas countries, such as the US, the UK, Canada and Australia, targeting their Chinese communities. Our Directors believe that our sales model and revenue recognition are in line with the industry practice. We recognise our revenue when our food products are delivered and titles have been passed. As at 30 June 2017, we had in total 605 distributors, 70 retailers and 434 other direct customers in Hong Kong and the PRC.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, approximately 41.4%, 40.7%, 40.8% and 43.7% of our revenue was derived from our sales in Hong Kong, respectively, 54.1%, 55.5%, 55.7% and 52.9% of our revenue was derived from our sales in the PRC, respectively, and 4.5%, 3.8%, 3.5% and 3.4% of our revenue was derived from our direct overseas sales, respectively.

As at the Latest Practicable Date, we had two sales offices in Hong Kong respectively responsible for monitoring our sales under our corporate brands of NISSIN (日清) “” and DOLL (公仔) “” in Hong Kong and overseas. We also have a sales office in Macau due to the proximity and similarity in consumers’ tastes and preferences to the Hong Kong market. Further, we had 56 liaising points across the PRC to facilitate our sales offices in the PRC. Our sales team members are knowledgeable about our products and have extensive sales experience. Our sales team is primarily responsible for sourcing and communicating with our customers, managing and reviewing performance of our existing distributors and retailers, and providing aftersales services to our customers and consumers. Since our acquisition of 51.0% equity interest of MCMS in March 2017, we also have one sales office in each of Hong Kong and Macau to be responsible for our sales of other branded products.

We have a marketing team in each of Hong Kong, Shanghai and Zhuhai, the PRC. Our marketing team is primarily responsible for developing and promoting our brands and products, launching marketing and promotional activities and implementing marketing strategies. We also have a design team reporting to our marketing manager, which is responsible for the design of the package images of our products.

As at 30 June 2017, we had 99 and 1,039 employees in Hong Kong and the PRC, respectively, in our sales and marketing team. Our sales and marketing team also closely communicates with our research and development team and procurement team, which enable them to keep abreast of the latest market trends, developments and consumers’ tastes and preferences.

Our sales and distribution network

Since our establishment in Hong Kong in 1984, we have gradually built an established sales and distribution network in Hong Kong and the PRC throughout the years. Our established sales and distribution network spreads over Hong Kong and the PRC, primarily targeting consumers with high consumption power and strong desire for premium and high quality instant noodle, frozen food and other food products.

Leveraging our long history and strong market positions and brand recognitions in Hong Kong, our products have achieved high penetration in the Hong Kong market. Furthermore, in order to further expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS in March 2017. MCMS was incorporated in Hong Kong in January 1978 and primarily engages in the distribution of beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau. In the PRC market, we have been primarily focusing our sales efforts in the first and second tier cities in eastern and southern China with strong market potential and rapid economic growth over the years, such as Shanghai, Hangzhou, Suzhou, Guangzhou, Dongguan, Zhuhai, Shantou and Xiamen. According to Frost and Sullivan, we were the largest instant noodle company in Hong Kong, accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. While we were the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.8% and 1.4% of the total PRC instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively, we ranked second in terms of retail sales value in the PRC premium instant noodle market in 2016, accounted for approximately 19.8% of the total PRC premium instant noodle market, according to Frost & Sullivan. In addition, we were also the third largest instant noodle company in Guangdong and Fujian provinces in the PRC in terms of retail sales value in 2016. Further, we were also the second largest frozen dim sum company in Hong Kong, accounted for approximately 25.2% and 23.8% of the total Hong Kong frozen dim sum market in terms of retail sales value and retail sales volume in Hong Kong in 2016, respectively.

The table below sets out our revenue by geographic region in the PRC for the periods indicated:

Our sales regions in the PRC	Year ended 31 December						Six months ended 30 June								
	2014			2015			2016			2016			2017		
	HK\$ ('000)	RMB ⁴ ('000)	% of total revenue in the PRC	HK\$ ('000)	RMB ⁴ ('000)	% of total revenue in the PRC	HK\$ ('000)	RMB ⁴ ('000)	% of total revenue in the PRC	HK\$ ('000)	RMB ⁴ ('000)	% of total revenue in the PRC	HK\$ ('000)	RMB ⁴ ('000)	% of total revenue in the PRC
Southern China ⁽¹⁾	992,913	786,734	72.4	1,013,949	816,209	69.5	997,270	854,810	68.1	503,681	423,943	68.2	474,735	418,736	66.7
Eastern China ⁽²⁾	312,581	247,674	22.8	356,602	287,057	24.4	374,587	321,077	25.6	190,206	160,094	25.8	187,726	165,582	26.4
Northern and Western China ⁽³⁾	65,505	51,903	4.8	88,319	71,095	6.1	92,236	79,060	6.3	44,266	37,258	6.0	48,967	43,190	6.9
Total:	1,370,999	1,086,311	100.0	1,458,870	1,174,361	100.0	1,464,093	1,254,947	100.0	738,153	621,295	100.0	711,428	627,508	100.0

Notes:

- (1) Southern China includes Guangdong province, Fujian province, Guangxi Zhuang Autonomous Region and Hainan province.
- (2) Eastern China includes Shanghai, Jiangsu province, Zhejiang province, Anhui province, Jiangxi province, Hubei province, Hunan province and Shanxi province.
- (3) Northern China includes Beijing, Tianjin, Heilongjiang province, Jilin province, Liaoning province, Shandong province, Hebei province, Henan province, Shaanxi province, Gansu province, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region, and western China includes Chongqing, Sichuan province, Guizhou province, Yunnan province, Qinghai province, Xinjiang Uygur Autonomous Region and the Tibet Autonomous Region.
- (4) At the average exchange rate of approximately HK\$1.00 to RMB0.79235 for the year ended 31 December 2014, approximately HK\$1.00 to RMB0.80498 for the year ended 31 December 2015, approximately HK\$1.00 to RMB0.85715 for the year ended 31 December 2016, approximately HK\$1.00 to RMB0.84169 for the six months ended 30 June 2016 and approximately HK\$1.00 to RMB0.88204 for the six months ended 30 June 2017.

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We believe that our established sales and distribution network has provided us with timely market information on consumers' tastes and preferences and hence, increases the effectiveness of the penetration of our products and the launch of our new products to the market. In future, we will continue our sales focus in the major cities and provinces in eastern and southern China. We also intend to duplicate our success and further expand the breadth and depth of our sales and distribution network into the other major cities in northern and western China with strong growth potential, such as Beijing, Shenyang, Qingdao and Chengdu, which we believe are capital cities or economic hubs that possess higher purchasing power and acceptance for premium food products. We also plan to establish our presence and gradually expand our sales and distribution network into relatively lower tier cities in the PRC with stronger market potential and rapidly increasing number of middle class to increase our market share in the PRC. In order to efficiently and effectively support and manage our expansion of the sales and distribution network, we also plan to increase our liaising points in the PRC from 56 as at the Latest Practicable Date to around 70 by 2020 and in particular, increase our sales and penetration in the northern and western China.

Our sales to overseas markets

During the Track Record Period, we sold a small portion of our products, mainly instant noodles, directly to Macau, Taiwan and certain overseas countries, such as the US, the UK, Canada and Australia, targeting their Chinese communities. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our direct sales to overseas markets accounted for approximately 4.5%, 3.8%, 3.5% and 3.4% of our total revenue for the same periods, respectively. We also sell a portion of our products to certain distributors based in Hong Kong who then on-sell our products to overseas. In addition, during the Track Record Period, we sold a small portion of our raw materials and finished products to Nissin Germany and Nissin Thailand. Our sales to the Nissin Japan Group for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 accounted for approximately 0.3%, 0.3%, 0.5% and 0.7% of our total revenue for the same periods, respectively. For more details of our sales arrangements with the Nissin Japan Group, please refer to the sections headed "Connected Transactions" and "Relationship with our Controlling Shareholder" in this prospectus.

We believe that our sales arrangements to the overseas markets have allowed us to continue to serve our premium and high quality instant noodle products to our existing loyal Chinese consumers outside Hong Kong and the PRC without incurring too much selling and distribution expenses, and helped us to raise our brand profile among consumers in the world.

E-commerce channel

Prior to 2016, we did not sell our products directly through the e-commerce channel. We generally did not impose any restriction on our customers for them to on-sell our products through the e-commerce channel. In order to capitalise on the significant growth of e-commerce sales in China, we started selling online on three major e-commerce platforms, namely Tmall (天貓), JD.com (京東) and Yihaodian (一號店) in January 2016. We expect our penetration through the e-commerce channel to contribute to our sales growth and to have synergies with our other sales and distribution network by enhancing our brand recognition. In future, we intend to promote more of our products online to cater to the changing consumption patterns of consumers in China. We also plan to adopt more innovative sales, branding and marketing strategies tailored to the e-commerce channel to develop closer connection with consumers, especially younger consumers.

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Our customers

Our customers include distributors, retailers and other direct customers. Our retailer customers primarily include supermarkets, hyperstores and convenience stores, and our other direct customers primarily include restaurants, hotels, airlines and other corporations.

The table below sets out the breakdown of our revenue by sales channel in different sales regions for the periods indicated:

Our customers	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue
	<i>(Unaudited)</i>									
Hong Kong⁽¹⁾ and overseas⁽²⁾										
Distributors	838,275	33.1	861,467	32.8	867,977	33.0	436,415	33.0	347,161	25.9
Retailers	232,886	9.2	228,190	8.7	227,479	8.6	113,532	8.6	196,727	14.6
Other direct customers ⁽³⁾	93,824	3.6	80,136	3.0	70,356	2.7	34,898	2.6	88,467	6.6
Sub-total:	1,164,985	45.9	1,169,793	44.5	1,165,812	44.3	584,845	44.2	632,355	47.1
PRC										
Distributors	1,289,448	50.8	1,395,697	53.1	1,436,714	54.6	721,747	54.6	698,165	52.0
Retailers	10,603	0.4	9,197	0.3	9,286	0.4	4,727	0.4	4,439	0.3
Other direct customers ⁽⁴⁾	70,948	2.9	53,976	2.1	18,093	0.7	11,679	0.9	8,824	0.6
Sub-total:	1,370,999	54.1	1,458,870	55.5	1,464,093	55.7	738,153	55.8	711,428	52.9
Total:	2,535,984	100.0	2,628,663	100.0	2,629,905	100.0	1,322,998	100.0	1,343,783	100.0

Notes:

- (1) Hong Kong sales included our sales to certain distributors based in Hong Kong who then on-sell our products to overseas.
- (2) Overseas sales included our sales to distributors based in Macau, Taiwan and other overseas markets, which amounted to approximately HK\$113.8 million, HK\$98.8 million, HK\$90.8 million and HK\$46.2 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounting for approximately 4.5%, 3.8%, 3.5% and 3.4% of our total revenue for the same periods, respectively.
- (3) Our sales to other direct customers in Hong Kong and overseas included our sales to a food company in Hong Kong on an OEM basis, which amounted to approximately HK\$31.5 million, HK\$28.4 million, HK\$26.2 million and HK\$12.7 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.
- (4) Our sales to other direct customers in the PRC included our sales via e-commerce channel in the PRC.

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We place strong emphasis on establishing and maintaining strong and stable business relationship with our customers. Further, in order to enhance the efficiency of our sales and distribution network, we have implemented different sales strategies. In the Hong Kong market, we primarily sell our instant noodles and other food products under our corporate brand of “NISSIN (日清)” (NISSIN) to our distributors and sell our instant noodle and frozen food products under our corporate brand of “DOLL (公仔)” (DOLL) to our retailers and other direct customers. Since March 2017, we have also started to sell the majority of our instant noodle products under our “Demae Iccho (出前一丁)” (出前一丁) in Hong Kong through the distribution channel of MCMS primarily to retailers. In our PRC market, we primarily sell our instant noodles under both of our corporate brands of “NISSIN (日清)” (NISSIN) and “DOLL (公仔)” (DOLL) to our distributors and our frozen food products under our corporate brand of “DOLL (公仔)” (DOLL) to our retailers and other direct customers.

As at 30 June 2017, we had on average of more than six and a half years of business relationship with our top five customers. One of our top five customers was also one of our top five suppliers which supplied wheat flour and palm oil to us during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, sales to our top five customers represented approximately 65.9%, 65.5%, 63.7% and 58.8% of our total revenue for the same periods, respectively. Sales to our largest customer represented approximately 23.4%, 26.6%, 29.5% and 27.7% of our total revenue for the same periods, respectively. To the best knowledge of our Directors, (i) two of our top five customers during the Track Record Period respectively held approximately 6.6% and 4.6% of the issued share capital of Nissin Japan; (ii) Nissin Japan also held less than 1.0% of the issued share capital of these two customers, respectively; and (iii) one of our other top five customers during the Track Record Period was an investee company of one of the customers aforesaid in (i), as at the Latest Practicable Date.

As at the Latest Practicable Date, save for the interest of Nissin Japan in our top five customers as mentioned above, none of our Directors or their respective associates, or any of our existing shareholders who, to the best knowledge of our Directors owned 5.0% or more of the issued share capital of our Company, had any interest in any of our top five customers.

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The tables below set forth the basic information of our top five customers during the Track Record Period:

For the year ended 31 December 2014

Customer	Major products sold to the customer	Approximate % of our total revenue attributable to the customer	Background of the customer	Principal nature of the customer	Years of business relationship as at 31 December 2014 (approximately)	Credit period
Customer A . . .	Instant noodle products	23.4	A company established in the PRC and an investee company of Customer C	Distribution	More than four years	approximately 60 days
Customer B ⁽¹⁾ . . .	Instant noodle products	22.1	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution and trading	More than four years	approximately 15 days
Customer C . . .	Instant noodle products	13.2	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution	More than four years	approximately 15 days
Customer D . . .	Instant noodle products and frozen food products	4.4	A company incorporated in Hong Kong and a subsidiary of a Bermuda company listed on the London Stock Exchange	Supermarkets, hyperstores and convenience stores	More than four years	approximately 60 days
Customer E . . .	Instant noodle products and frozen food products	2.8	A company incorporated in Hong Kong and a subsidiary of a Cayman company listed on the Stock Exchange	Supermarkets, hyperstores and convenience stores	More than four years	approximately 75 days

Note:

(1) Customer B was also one of our top suppliers during the Track Record Period.

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For the year ended 31 December 2015

Customer	Major products sold to the customer	Approximate % of our total revenue attributable to the customer	Background of the customer	Principal nature of the customer	Years of business relationship as at 31 December 2015 (approximately)	Credit period
Customer A . . .	Instant noodle products	26.6	A company established in the PRC and an investee company of Customer C	Distribution	More than five years	approximately 60 days
Customer B ⁽¹⁾ . . .	Instant noodle products	19.2	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution and trading	More than five years	approximately 15 days
Customer C . . .	Instant noodle products	12.9	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution	More than five years	approximately 15 days
Customer D . . .	Instant noodle products and frozen food products	4.1	A company incorporated in Hong Kong and a subsidiary of a Bermuda company listed on the London Stock Exchange	Supermarkets, hyperstores and convenience stores	More than five years	approximately 60 days
Customer E . . .	Instant noodle products and frozen food products	2.7	A company incorporated in Hong Kong and a subsidiary of a Cayman company listed on the Stock Exchange	Supermarkets, hyperstores and convenience stores	More than five years	approximately 75 days

Note:

(1) Customer B was also one of our top suppliers during the Track Record Period.

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For the year ended 31 December 2016

<u>Customer</u>	<u>Major products sold to the customer</u>	<u>Approximate % of our total revenue attributable to the customer</u>	<u>Background of the customer</u>	<u>Principal nature of the customer</u>	<u>Years of business relationship as at 31 December 2016 (approximately)</u>	<u>Credit period</u>
Customer A . . .	Instant noodle products	29.5	A company established in the PRC and an investee company of Customer C	Distribution	More than six years	approximately 60 days
Customer B ⁽¹⁾ . . .	Instant noodle products	14.6	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution and trading	More than six years	approximately 15 days
Customer C . . .	Instant noodle products	12.9	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution	More than six years	approximately 15 days
Customer D . . .	Instant noodle products and frozen food products	4.1	A company incorporated in Hong Kong and a subsidiary of a Bermuda company listed on the London Stock Exchange	Supermarkets, hyperstores and convenience stores	More than six years	approximately 60 days
Customer E . . .	Instant noodle products and frozen food products	2.6	A company incorporated in Hong Kong and a subsidiary of a Cayman company listed on the Stock Exchange	Supermarkets, hyperstores and convenience stores	More than six years	approximately 75 days

Note:

(1) Customer B was also one of our top suppliers during the Track Record Period.

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For the six months ended 30 June 2017

Customer	Major products sold to the customer	Approximate % of our total revenue attributable to the customer	Background of the customer	Principal nature of the customer	Years of business relationship as at 30 June 2017 (approximately)	Credit period
Customer A . . .	Instant noodle products	27.7	A company established in the PRC and an investee company of Customer C	Distribution	More than six and a half years	approximately 60 days
Customer C . . .	Instant noodle products	11.5	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution	More than six and a half years	approximately 15 days
Customer B ⁽¹⁾ . . .	Instant noodle products	7.9	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution and trading	More than six and a half years	approximately 15 days
Customer D . . .	Instant noodle products and frozen food products	7.4	A company incorporated in Hong Kong and a subsidiary of a Bermuda company listed on the London Stock Exchange	Supermarkets, hyperstores and convenience stores	More than six and a half years	approximately 60 days
Customer E . . .	Instant noodle products and frozen food products	4.3	A company incorporated in Hong Kong and a subsidiary of a Cayman company listed on the Stock Exchange	Supermarkets, hyperstores and convenience stores	More than six and a half years	approximately 75 days

Note:

(1) Customer B was also one of our top suppliers during the Track Record Period.

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Background information on our top five customers

Customer A

To the best knowledge of our Directors, Customer A is a trading company established in May 1996 in the PRC with a registered capital of RMB4.0 million, and is an investee company of Customer C which (i) indirectly held approximately 19.0% shareholding of Customer A; (ii) held approximately 4.6% of the issued share capital of Nissin Japan; and (iii) Nissin Japan also held less than 1.0% of the issued share capital of Customer C, as at the Latest Practicable Date. Customer C is currently listed on the Tokyo Stock Exchange with an annual revenue over JPY4,500 billion for each of the financial year during the Track Record Period, and primarily engages in the business of trading and investment activities, covering segments such as textile, machinery, metals and minerals, energy and chemicals, food, realty and others. According to the website of Customer A and to the best knowledge of our Directors, Customer A principally engages in the wholesale and retail business of a broad range of instant food, beverage, alcohol, leisure food and healthy food in southern China, which includes Fujian, Guangdong, Hainan and Guangxi provinces in the PRC, and supplies its products directly to certain well-known supermarkets and convenient stores. Customer A primarily distributes our instant noodle products mainly in Guangdong and Fujian provinces in the PRC.

Customer B

To the best knowledge of our Directors, Customer B is a Japanese company which (i) held approximately 6.6% of the issued share capital of Nissin Japan; and (ii) Nissin Japan also held less than 1.0% of the issued share capital of Customer B, as at the Latest Practicable Date. Customer B is currently listed on the Tokyo Stock Exchange with an annual revenue over JPY6,000 billion for each of the financial year during the Track Record Period, and primarily engages in the business of infrastructure, industrial finance, logistics, energy business, metals, machinery, chemicals, living essentials, trading and others. We primarily conduct business with the Hong Kong subsidiary of Customer B. According to the website of Customer B and to the best knowledge of our Directors, Customer B distributes a range of branded products, including processed foods, beverages, instant noodles, canned goods and seasoning sauces in Hong Kong, and also supplies raw materials, such as wheat flour, sugar, starch, and vegetable oil and fats, milk powder, tea materials, coffee beans as well as frozen seafood in Hong Kong. Customer B primarily distributes our instant noodle products mainly in Hong Kong and the PRC.

Customer C

To the best knowledge of our Directors, Customer C is a Japanese company which (i) held approximately 4.6% of the issued share capital of Nissin Japan; and (ii) Nissin Japan also held less than 1.0% of the issued share capital of Customer C, as at the Latest Practicable Date. Customer C is currently listed on the Tokyo Stock Exchange with an annual revenue over JPY4,500 billion for each of the financial year during the Track Record Period, and 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. We primarily conduct business with the Hong Kong and the PRC subsidiaries of Customer C. According to the website of Customer C and to the best knowledge of our Directors, Customer C 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. Customer C primarily distributes our instant noodle products in Hong Kong, Macau and the PRC.

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Customer D

To the best knowledge of our Directors, Customer D is a leading supermarket chain operator in Hong Kong and is a subsidiary of a Bermuda company listed on the London Stock Exchange, with secondary listings in Bermuda and Singapore and an annual revenue over US\$10 billion for each of the financial year during the Track Record Period. Customer D is a company incorporated in Hong Kong and operates supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants under different brand names with more than 250 stores in Hong Kong in 2016. Customer D sells our instant noodle products, frozen food products and other food products in Hong Kong.

Customer E

To the best knowledge of our Directors, Customer E is a leading supermarket chain operator in Hong Kong and is a subsidiary of a large conglomerate currently listed on the Stock Exchange that had an annual revenue over HK\$250 billion for each of the financial year during the Track Record Period. Customer E is a company incorporated in Hong Kong and operates a number of supermarkets under different brand names with more than 290 stores in Hong Kong and Macau as at the Latest Practicable Date. Customer E sells our instant noodle products, frozen food products and other food products in Hong Kong.

Distributors

Our established distribution network is one of our competitive strengths and valuable assets. Consistent with market practice in our industry, we primarily sell our products to third-party distributors on a wholesale basis. Our distributors then on-sell our products to their customers, which include sub-distributors, retailers and other customers. We have a seller-buyer relationship with our distributors and our revenue is recognised when the ownership of our products has been transferred to our distributors. To the best knowledge of our Directors, (i) two of our top five distributors during the Track Record Period respectively held approximately 6.6% and 4.6% of the issued share capital of Nissin Japan; (ii) Nissin Japan also held less than 1.0% of the issued share capital of these two distributors, respectively; and (iii) one of our other top five distributors during the Track Record Period was an investee company of one of the distributors aforesaid in (i), as at the Latest Practicable Date. Save as disclosed, all of our distributors are Independent Third Parties. In addition, after due enquiries, our Directors confirm that during the Track Record Period, (i) none of our distributors or their beneficial owners were previously employees of our Group; and (ii) none of our distributors or their beneficial owner had traded under our name. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, sales to our distributors accounted for approximately 83.9%, 85.9%, 87.6% and 77.9% of our total revenue for the same periods, respectively, and sales to our top five distributors accounted for approximately 62.9%, 62.7%, 60.2% and 50.6% of our total revenue for the same periods, respectively. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, we had 41, 44, 46 and 44 distributors in Hong Kong and overseas, and 295, 452, 549 and 561 distributors in the PRC, respectively.

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The following table sets out changes in the number of our distributors during the periods indicated:

	Years ended 31 December			Six months ended 30 June	Years ended 31 December			Six months ended 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	Hong Kong and overseas				PRC			
Number of distributors as at 1 January	42	41	44	46	188	295	452	549
Number of new distributors newly appointed	4	6	9	5	110	171	191	118
Number of distributors terminated	5	3	7	7	3	14	94	106
Number of distributors as at 31 December/ 30 June.	41	44	46	44	295	452	549	561

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, we newly appointed 114, 177 and 200 and 123 distributors, respectively, primarily due to our business expansion in the PRC. The termination of 8, 17 and 101 and 113 distributors for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, was primarily the result of unsatisfactory performance, changing names or closing businesses of certain distributors and reorganising our distribution channel. In particular, for the year ended 31 December 2016 and the six months ended 30 June 2017, in order to further improve our corporate governance and tighten our credit control in the PRC, we reorganised our distribution channel by exercising our discretion to switch certain distributors and/or terminate business relationship with a number of distributors that have relatively smaller business scale and require longer credit period to pay.

We maintain long term and stable cooperative relationship with our distributors. As at 30 June 2017, we had on average more than six and a half years of business relationship with our top five distributors. Leveraging our long history of operation and success in Hong Kong, we have particularly engaged a distributor in the PRC that is the investee company of one of our major distributors in Hong Kong. Such distributor has extensive managerial and industry specific experience, strong operating capabilities and established sales and distribution network in the PRC and has also cooperated with us for more than six and a half years. Our Directors believe that such arrangement has allowed us to mitigate our credit risk, effectively and efficiently manage our distributors and their sub-distributors and benefit from their established distribution channel and resources to save costs that we otherwise would have incurred to build up such sales network, which in turn, increase the effectiveness of penetration of our products to different segments and allow us to effectively launch new types of products to market in a shorter period of time. Further, such business model has also allowed us to focus on the key links of the value chain that would deliver the most value to our business, such as brand promotion, design and development, marketing, quality control and managing our relationship with suppliers and customers.

We adopt strict guidelines to select, assess and monitor our distributors. We typically conduct background search and examine and obtain copies of business licenses and tax registration certificates from our potential distributors in the PRC. We also consider a wide range of factors,

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including their relevant experience and reputation, credibility, capability in operation and management, location, customer base and historical sales value, when determining whether such distributors qualify as our distributors.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns or product exchanges from our distributors.

Distribution agreement with distributors

We generally enter into distribution agreements with our major distributors under which our distributors place purchase orders with us from time to time that typically set out the types, prices and quantities of our products to be ordered. Set out below are the key terms of the distribution agreements we typically enter into with our major distributors:

- *Terms* – The distribution agreements generally commence on the signing date for a term of one year for both Hong Kong and PRC distributors and are automatically renewable for another year for our major distributors in Hong Kong.
- *Designated sales areas* – We generally impose designated sales areas or regions for our PRC distributors with relatively smaller scale of operation.
- *Minimum purchase amount* – We generally do not impose minimum purchase amount on our distributors.
- *Sales target for distributors* – We generally do not impose sales target on our distributors.
- *Return or exchanges of products* – We do not accept return of non-defective unsold or expired products. Return request is mainly resolved through negotiation.
- *Termination* – We are entitled to terminate the distribution agreements if, among others, our distributors are in breach of the distribution agreements and fail to ratify the breach despite our written request to do so.
- *Delivery* – We are responsible for the delivery costs if we are obligated to deliver our products to locations designated by our distributors in the PRC.
- *Sales incentives/rebates* – In the PRC, we provide sales incentives/rebates of up to certain percentage based on the purchase amount of our distributors.

Management of our distributors

We generally enter into distribution agreements with our distributors. We closely monitor our distributors. We regularly monitor the performance of our distributors based primarily on a number of factors, including maintenance of their creditworthiness, expansion of distribution channels, improvement in overall sales performance, improvement in warehousing facilities and delivery capabilities, management of customer relationship, and quality of internal management. Prior to December 2015, we typically provided the recommended retail price ranges for our products to our

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distributors for reference. Our distributors were not required to follow our recommended retail price ranges. Since December 2015, we ceased to provide such recommended retail price ranges to our distributors in Hong Kong in light of the enactment of the Competition Ordinance. For more details, please also refer to the section headed “Laws and Regulations – Hong Kong – Competition Ordinance” in this prospectus.

Our sales personnel regularly communicate with our major distributors and conduct inspections on them and their points of sale to monitor their retail sales volumes, inventory levels and marketing and promotional activities. Our major distributors are generally required to submit sales report to us on a monthly basis. In case there is any complaint of violations made to us, we typically investigate and our sales management team will properly address the complaint and form a decision. Further, to avoid cannibalisation and enhance effective control, we generally grant designated sales area or region in which our distributors operate, although we, sometimes on a case-by-case basis, intentionally allow more than one distributor to distribute our products in the same sales region to create competition and enhance our distributors’ performance.

We generally do not set annual targets for our distributors as we believe there is a high demand and growth potential for our products. We also do not impose minimum purchase requirement on our distributors. However, in order to increase their sales efforts, we have implemented several incentives and promotional expense reimbursement mechanisms for sub-distributors under our distributors. For further details, please refer to the section headed “Business – Sales and marketing – Our customers – Incentives and promotional expenses for sub-distributors” in this prospectus.

Sub-distributors

Our distributors are generally allowed to engage sub-distributors in their respective sales areas or regions to on-sell our products. To the best knowledge of our Directors, all of sub-distributors are Independent Third Parties. We do not enter into distribution agreements or sales contracts with sub-distributors for the purchase and sales of our products. However, in order to better facilitate our sales channel and promote our products in the market, we typically liaise with our distributors and enter into memorandums with sub-distributors engaged by them to directly provide incentives to sub-distributors on a case-by-case basis, if certain targets can be achieved by such sub-distributors. For further details, please refer to the section headed “Business – Sales and marketing – Our customers – Incentives and promotional expenses for sub-distributors” in this prospectus.

In Hong Kong, sub-distributors directly place purchase orders with our distributors by way of individual contracts and notify us at the same time. We then prepare our products according to the purchase orders and issue the sales invoices to and settle payment with our distributors. For logistic convenience, sub-distributors in Hong Kong typically pick up our finished products directly from our warehouse. In the PRC, sub-distributors directly place orders with our distributors which then group the orders altogether and communicate with us. We then prepare our products according to the purchase orders provided by our distributors and issue the sales invoices to and settle payment with our distributors. We are typically responsible for delivering our finished products to our distributors in the PRC for their further distribution. We believe that our current sales arrangements with distributors and sub-distributors allowed us to have better credit control and distribution management on sub-distributors.

We generally rely on our distributors in managing their sub-distributors and to ensure that sub-distributors comply with our sales policies. Nevertheless, in order to effectively manage our sales and distribution network, we regularly assist our distributors to select and communicate with

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sub-distributors and monitor their sales and inventory levels of our products. According to Frost & Sullivan, it is common industry norm for the players in the industry in which we operate to rely on third-party distributors to sell products to their sub-distributors and retailers without entering into contractual relationship with those sub-distributors and retailers in respect of the purchase and sales of products from the players. On the basis that we only enter into distribution agreements with our distributors and do not enter into distribution agreements or sales contracts with the sub-distributors under our distributors, our legal adviser as to Hong Kong laws confirmed that the contractual relationship for individual purchase of our products only exists between us and our distributors, and in any event, not between us and sub-distributors. The entering into of the memorandums and the direct settlement of incentives with the sub-distributors pursuant to such memorandums, the reimbursement of promotional expenses incurred by the sub-distributors for promotion of our products and the relevant logistic arrangement are merely specific and independent contractual arrangements between us and the sub-distributors on a case-by-case basis through the liaison with our distributors. Such contractual arrangements between us and the sub-distributors should be distinguished from the underlying purchase contracts or order of sales made by the sub-distributors with our distributors or the distribution relationship between us and our distributors. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus in relation to the termination of a sub-distributor, we did not identify any material negative finding of the sub-distributors under our distributors.

Incentives and promotional expenses for sub-distributors

Incentives

In order to encourage sub-distributors under our distributors with various operational scale to promote our products so as to effectively increase the market share of our products, we typically provide them with various incentives. We typically liaise with our distributors and enter into memorandums with their sub-distributors, which set out (i) the annual sales targets and/or target growth in sales to their customers for sub-distributors with relatively larger operational scale, or (ii) quarterly purchase target for sub-distributors with relatively smaller operational scale. If sub-distributors have achieved such targets, we will provide incentives based on the number of products sold or purchased by such sub-distributors. We do not impose minimum purchase commitment on sub-distributors and we settle the incentives directly with sub-distributors.

Promotional expenses reimbursement

We typically reimburse the promotional expenses incurred by the sub-distributors in both Hong Kong and the PRC for their promotion of our products in the supermarkets, hyperstores and convenience stores. We regularly formulate our product promotional plans and discuss with our distributors. Our distributors then communicate the same with their sub-distributors for implementations. For the years ended 31 December 2014, 2015, and 2016 and the six months ended 30 June 2017, our promotional expenses amounted to approximately HK\$242.6 million, HK\$304.0 million, HK\$318.5 million and HK\$127.2 million, representing 50.8%, 53.1%, 52.5% and 47.9% of our total selling and distribution costs for the same period, respectively. For more details of our promotional expenses, please refer to the section headed “Financial Information – Principal income statement components – Selling and distribution costs” in this prospectus.

Retailers

Retailers primarily include supermarkets, hyperstores and convenience stores. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, sales to our retailer customers accounted for approximately 9.6%, 9.0%, 9.0% and 14.9% of our total revenue for the same period, respectively. As at 30 June 2017, we had in total 70 retailers in Hong Kong and the PRC.

Trading terms agreement with retailers

We generally enter into agreements with various trading terms with our retail customers under which our retailers place purchase orders with us from time to time that typically set out the types, prices and quantities of our products to be ordered. Set out below are the key terms of the trading terms agreements we typically enter into with our retailers:

- *Terms* – The trading terms agreements are usually of one year term and are renewable annually.
- *Minimum purchase amount* – We do not impose minimum purchase amount on our retailers.
- *Sales target for retailers* – We do not impose sales target on our retailers.
- *Return or exchanges of defective products* – We do not accept return of non-defective unsold or expired products. Return request is mainly resolved through negotiation.
- *Rebates and shelf listing fees* – We typically provide sales rebates to our major retailers up to certain percentage by monthly debit note. We also provide our retailers with growth rebates if such retailers achieve certain retail sales volume. Furthermore, we provide the shelf listing fees to retailers in Hong Kong and the PRC to encourage the retailers to display our products at the easily recognisable display spots in the supermarkets, hyperstores and convenience stores.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns or exchanges from our retailers.

In order to further expand our product portfolio in Hong Kong and Macau, we acquired 51.0% equity interest of MCMS from Mitsubishi and MCHK in March 2017. Since then, we began to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS. Please refer to the section headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (3) Acquisition of MCMS” in this prospectus for further details of our acquisition of the 51.0% equity interest in MCMS in March 2017.

Leveraging our brand reputation and leading position in the Hong Kong instant noodle market, we intend to further raise the company and product profile of MCMS so that we are able to attract more well-known brands in the future to further expand our product portfolio. On the other hand, since the performance of a sub-distributor of our “Demae Iccho (出前一丁)” (出前一丁) instant

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noodle products was not up to our satisfaction, we discussed with Customer B, one of our top five customers and suppliers during the Track Record Period, to switch the distribution channel of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in Hong Kong from such sub-distributor under Customer B to MCMS for it to primarily sell to retailers. Before such transition, we sold the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to Customer B, and Customer B then on-sold our products to such sub-distributor for it to primarily sell to retailers. As part of the transition, we gradually ceased to sell our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customer B since late 2016 so that the terminated sub-distributor could finish up its old inventories. At the same time, we kept our newly produced “Demae Iccho (出前一丁)” (出前一丁) in our or external warehouses for future sales. As such, we experienced a decrease in sales and an increase in inventories of our “Demae Iccho (出前一丁)” (出前一丁) instant products from late 2016 to early 2017. Further, in preparation of such transition of the distribution channel, we also incurred various costs, such as promotional expenses and freight and storage costs. Upon completion of our acquisition of 51.0% equity interest of MCMS in March 2017, we have started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products primarily to retailers in Hong Kong through the distribution channel of MCMS. MCMS typically grants credit period up to 60 days to its major distributors and up to 105 days to its major retailers. MCMS also requires some of its customers to make full payment upon delivery. Save as disclosed above, there is no material change to the distribution of our other products, and we did not expect any material impact on our operational and financial performance going forward. Please also refer to the section headed “Financial Information – Principal income statement components – Selling and distribution costs” and “– Period to period comparison of result of operations – Year ended 31 December 2016 compared with year ended 31 December 2015 – Revenue – Hong Kong and overseas” in this prospectus for more details. The key terms of the trading agreements MCMS typically entered into with various retailers are generally similar to the key terms of the trading terms agreements we typically enter into with our retailers.

Management of our retailers

Our sales personnel conduct regular inspections on our retailers to collect information about their retail sales volumes and inventory levels of our products. Through these inspections, we seek to ensure that our retailers comply with the terms and conditions of the trading terms agreements. We regularly evaluate the performance of our retailers based primarily on a number of factors, including maintenance of their creditworthiness, participation in marketing and promotional events and improvement in overall sales performance. We also reimburse the promotional expenses incurred by them for their promotion of our products in the supermarkets and hyperstores.

Other direct customers

During the Track Record Period, we sold a small portion of our products directly to certain direct customers, which primarily include restaurants, hotels, airlines and other corporations. In view of the high demand of our products, we generally do not need to enter into long-term sales agreements with our other direct customers. Instead, our other direct customers generally place purchase orders with us on an order-by-order basis. As at 30 June 2017, we had in total 434 other direct customers in Hong Kong and the PRC. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, sales to our other direct customers accounted for approximately 6.5%, 5.1%, 3.4% and 7.3% of our total revenue for the same periods, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns or exchanges from our other direct customers.

Marketing and advertising

We have adopted a multi-brand strategy to target a broad range of consumer groups. We believe that our high brand saliency in the market along with our credible image have allowed us to succeed in product innovation and capture different tastes and preferences of a wider consumer base through continuous new product offering.

In light of various brand purposes and the objective to expand our consumer profile, we regularly launch new marketing initiatives. We have focused our marketing efforts on our major consumer group among the younger generation by implementing innovative branded engagement activities on social media, for example, launching web-based games and mobile applications to promote our brands and products. In our more matured Hong Kong market, we also have set up pop-up stores and established our first My Cup Noodles Factory and Demae Iccho Factory in Hong Kong, with the aim to promote our brands and connect with younger generation, children and family consumers in a closer manner through direct and active experience with our brands and products. We have also engaged pop stars and celebrities as our product spokespersons and advertise our brands and products through newspapers, television, billboards in railway stations and displays on buses and taxis. In the PRC market, we have strategically adopted “pull” tactics as our core marketing strategies to primarily focus on promotional activities through various in-store tasting events and participation in food exhibitions so that consumers can immediately experience the high quality and distinctiveness of our innovative products, which in turn helped us to differentiate ourselves from our competitors and expand our consumer base and increase sales opportunities. In addition, we hold promotional campaigns and in-store promotional events to launch and promote new flavours of our instant noodle products from time to time. We also run advertisements in other mass media featuring our “Demae Iccho (出前一丁)” (出前一丁) comics ambassador “清仔” (清仔), which we believe have also helped to further raise our brand awareness among the general public. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our marketing and advertising expenses amounted to approximately HK\$45.9 million, HK\$42.4 million, HK\$50.7 million and HK\$6.7 million, accounted for approximately 9.6%, 7.4%, 8.4% and 2.5% of our total selling and distribution costs for the same periods, respectively. In future, we intend to devote more resources in our marketing and advertising activities with multi-faceted marketing strategies, including traditional advertising channels such as print and television media and in-store promotional campaigns, as well as social network activities and event sponsorships targeting younger generation to increase the recognition and awareness of our brands and products by consumers, in particular, by the younger generation customers.

We also have a design team reporting to our marketing manager, which is responsible for the design of the package images of our products. As at 30 June 2017, we had seven personnel in this team.

Aftersales services

Our Directors believe that our reputation is built upon our ability to provide quality aftersales services to our customers and consumers to their satisfactions, which in turn, helps us maintain strong business relationship with our customers and consumers to capture additional sales opportunities and distinguish us from our competitors.

Our sales personnel communicates with our customers and consumers to collect feedback from time to time and conducts sales and profit performance reviews regularly. We also have an in-house customer care centre which evaluates consumers' satisfaction and manages the relationship with our customers and consumers. Further, we also conduct research on a yearly basis to monitor changes on our brand presence and our image to our customers and consumers.

As for product return policy, we generally do not accept return of non-defective unsold or expired products. As to return requests of defective products, for example, our products with damaged packages during the transportation, we mainly resolve them through negotiations with our customers.

Pricing policy

In determining our pricing strategies, we conduct market research and take into account a number of factors including demand and supply of our products, costs of raw materials and packaging materials, production costs, retail prices of our competitors' products, historical sales data and the expected profit margins for us and our distributors, retailers and other direct customers. For our sales to the Nissin Japan Group, we generally adopt the same pricing policy as to our sales to our customers. We offer no special discount to the Nissin Japan Group solely by virtue of the fact that the Nissin Japan Group is our connected person.

Credit period and payment

We typically grant credit period up to 30 to 60 days to our major distributors and up to 105 days to our major retailers depending on their credit history, historical sales performance, business scale, points of sale and their business relationship with us. For our customers with relatively smaller operation scale and new customers, we generally require them to make full payment to us in advance before we deliver our products to them. Nevertheless, we may grant a credit period to them on a case-by-case basis after we have built a stable business relationship with these customers. For our sales to the Nissin Japan Group, we generally grant a credit period of approximately 30 days, which is similar to those we grant to our major distributors.

Our sales to customers in Hong Kong, overseas and the Nissin Japan Group is typically settled by bank transfer in HK dollars or U.S. dollars. Our customers in the PRC generally settle our payment by bank transfer in Renminbi.

RESEARCH AND DEVELOPMENT

We believe that our product innovation and strong research and development capabilities are among our most valuable assets which distinguish us from our competitors. As one of the renowned instant noodle manufacturers in Hong Kong and the PRC, it is important for us to keep abreast of the latest market trends, developments and consumers' tastes and preferences, and improve our production techniques and develop new types of products, flavours, seasoning and condiments to remain competitive in the market and meet evolving demand of our customers and consumers. Leveraging the expertise of Nissin Japan and its pioneer position of the world's instant noodle industry, we have been licensing certain production know-how developed by Nissin Japan to manufacture our instant noodle products. For further details, please refer to the section headed "Connected Transactions – II. Continuing connected transactions exempt from independent shareholders' approval requirement – 5. Technology and Trademark Licencing Agreement" in this prospectus. Nevertheless, we have been continuously making efforts in our own research and development capabilities to strengthen our high product quality standard, improve production techniques, and design and develop new flavours and better packaging that appeal to the consumers. We also regularly exchange ideas and experience with the Nissin Global Innovation Center and the Nissin Global Food Safety Institute to facilitate our development capabilities. As at 30 June 2017, we were able to offer over 540 SKUs of food products and over 230 different flavours of instant noodle products in Hong Kong, the PRC and overseas.

We have a dedicated research and development team in both Hong Kong and the PRC to research and develop new products that cater to ever changing tastes and preferences of the local consumers and different target consumer base. As at 30 June 2017, we had 25 and 17 personnel in our research and development team in Hong Kong and the PRC, respectively, among which the key team members had on average more than five years of relevant work experience. Our research and development team is primarily responsible for expanding and diversifying our product ranges by improving noodle textures and soup base, developing and introducing new flavours, seasoning and condiment and enhancing our production techniques. We also have a separate team under our research and development team to focus on the design and development of our frozen food and other food products. Further, our research and development team has also spent significant efforts on designing and developing innovative packaging materials and labelling for our products to enhance consumers' eating experience, awareness of our brands and also to fulfil the relevant laws and regulations on packaging and labelling in our various selling jurisdictions and regions. For example, our "Cup Noodles (合味道)" (合味道) instant noodle product is the world's first container-type instant noodle and has the seasoning and condiments pre-mixed in the cup, which allows consumers to consume by simply lifting the lid and adding hot water or heating in the microwave. Further, our

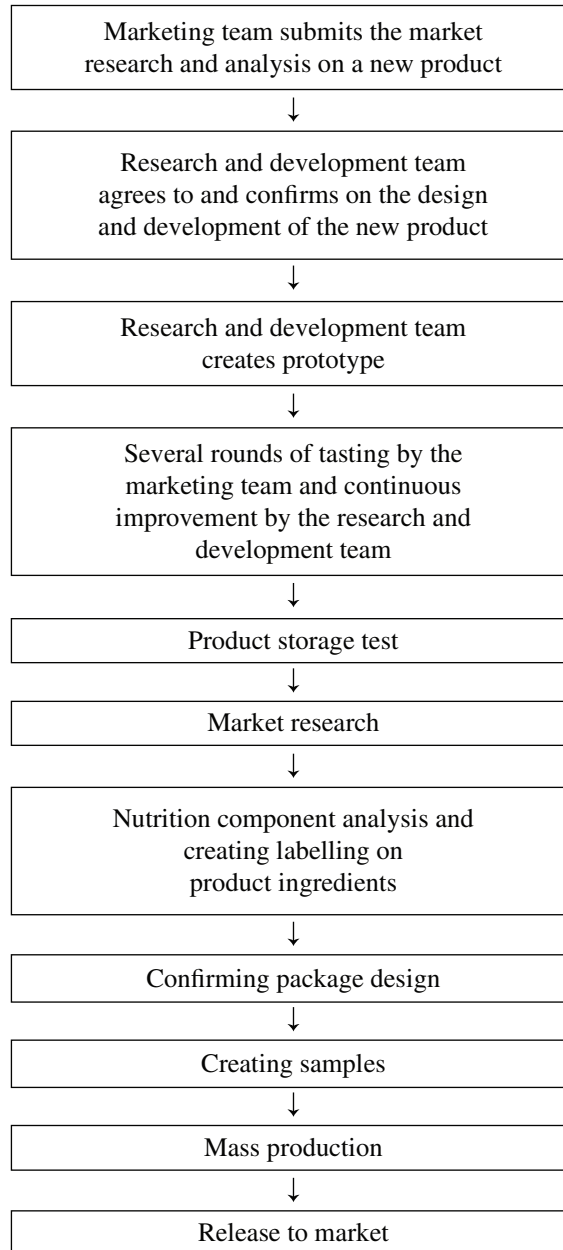
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special paper-made “ECO Cups” also offer extra insulating effect that can effectively block off the moisture to keep our noodles, soup base and seasoning and condiments in a dry and fresh condition during storage and at the same time, protect consumers’ hands when adding hot water into the containers during consumption. The table below sets out the main sub-teams under our research and development team and their responsibilities:

Sub-team	Responsibilities
Noodle product team	Improving the noodle texture and preservability, analysing and selecting ingredients, researching and developing new product types and flavours and producing recipes and prototypes
Soup team	Designing and developing soup powder, edible oil and liquid raw materials, improving the preservability of soup powder and producing prototypes
Condiment team	Designing recipes, conducting testing and providing guidance to contract manufacturers who are capable of producing such condiments
Frozen food and other food product team	Researching and developing new product types and producing recipes and prototypes
Packaging material team	Researching and developing the packaging materials and conducting structural design of our products. We also have a design team reporting to our marketing manager, who is responsible for the design of the package images of our products
Labelling team	Designing and making valid labels for finished products to comply with the laws and regulations of the relevant jurisdictions where we sell our products
Technician team	Designing new production plants and production machinery and equipment; designing and constructing automated production lines

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The whole process of our new product development, from submission of a new product request to product launch, typically takes approximately six months. The diagram below illustrates the major steps of our new product development:



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Our research and development process is market-oriented. Our research and development team works closely with our sales and marketing team to transfer concepts into commercially viable products and to enhance and upgrade our existing products based on market feedback. For example, our “Cup Noodles (合味道)” (合味道) instant noodle products are strategically designed to target urban white collars and younger consumers with high disposable income who require high product quality. We also launched big-cup and mini-cup size to tailor to consumers’ demand for different serving portions and developed new authentic flavours, such as chili crab, black pepper crab, tom yum goong and laksa, to satisfy consumers’ varying tastes. We also successfully introduced cup and bowl-type “Demae Iccho (出前一丁)” (出前一丁) instant noodle products, which have achieved stable growth generally in recent years. In addition, we have launched non-soup based bowl-type instant noodles under our “Nissin Fried Noodle (日清炒麵大王)” (日清), “U.F.O. (飛碟炒麵)” (UFO) and “Nissin Taisho (大將炒麵)” (大將) to develop new markets, frozen udon and water dumpling products under our “NISSIN (日清)” (NISSIN) to primarily target the organic product market, and non-fried instant noodles under our “Fuku (福)” (福) to target older consumers. Further, by leveraging our strong brand reputation and market awareness of our instant noodle products, we also launched our pasta products under our “Nupasta (新意派)” (NUPASTA) in 2009, frozen rice series under our “Cup Noodles (合味道)” (合味道) in 2012 and potato chips products under our “Karamucho (激辣魔薯)” (激辣) product brand in 2015 and under our “Cup Noodles (合味道)” (合味道) and “Demae Iccho (出前一丁)” (出前一丁) in 2015, and bar ramen in kyushu tonkotsu flavour and black garlic oil tonkotsu flavour under our “Demae Iccho (出前一丁)” (出前一丁) in 2016. Further, in order to enhance and create fun eating experience for our consumers, we have also launched cup-type “U.F.O. (飛碟炒麵)” (UFO) instant noodle products in the PRC in 2016 to target student consumers, which allows them to simply pour hot water and shake the products for consumption. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, we successfully launched two, 16, 33 and eight new instant noodle products and 10, 20, 21 and 11 frozen food and other food products in Hong Kong and the PRC, respectively. As at 30 June 2017, we were able to offer over 540 SKUs of food products and over 230 different flavours of instant noodle products in Hong Kong, the PRC and overseas.

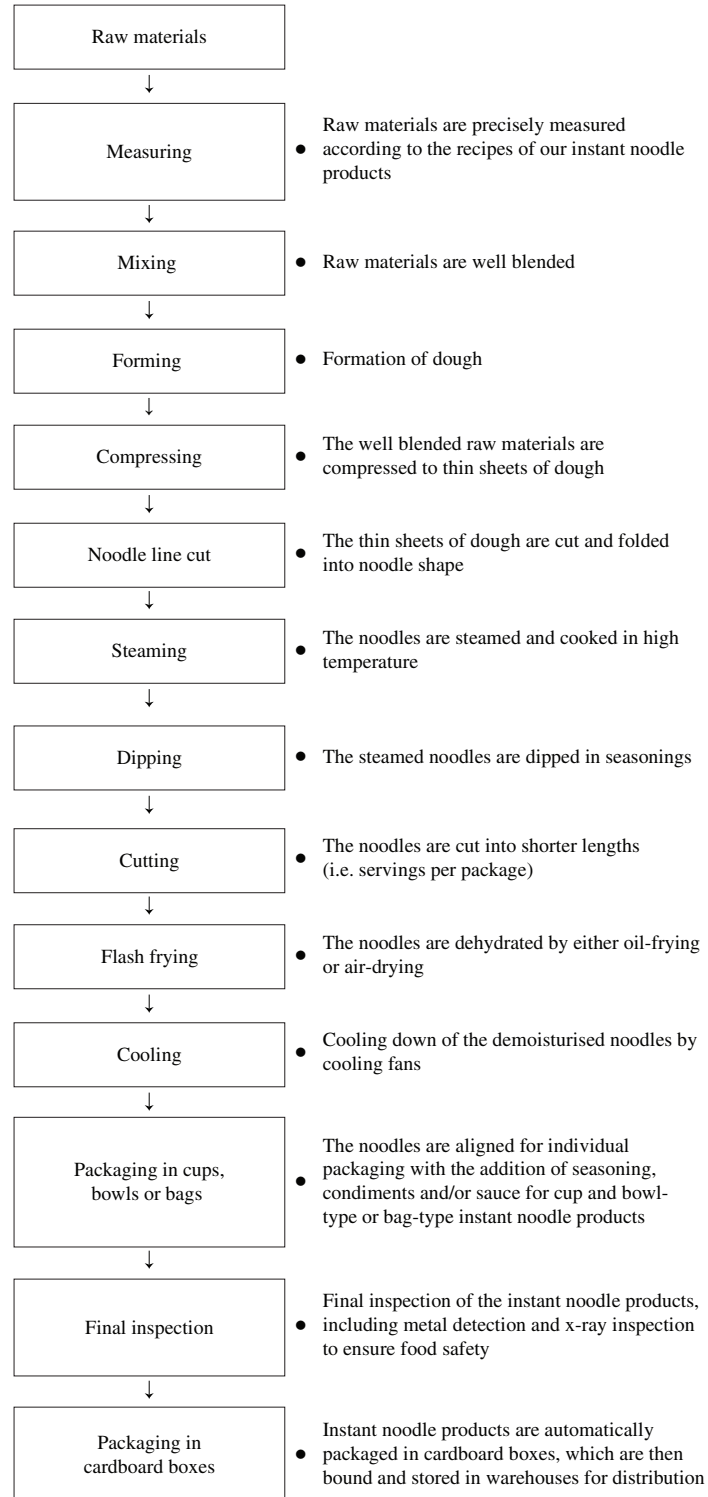
For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our research and development expenses were approximately HK\$19.3 million, HK\$21.4 million, HK\$25.3 million and HK\$11.9 million, respectively. We believe that our strong research and development capabilities have been and will continue to be our core competitive strength for our success in the instant noodle, frozen food and other food product markets in Hong Kong and the PRC. In future, we plan to further invest in and strengthen our market-oriented, product development effort to continuously provide new products that are tailored to consumers’ tastes and preferences in different sales regions and areas. We plan to recruit additional experienced and talented personnel, including product designers and developers, technologists and other production technicians, to join our research and development team. In addition, we will also improve our packaging materials to enhance consumers’ eating experience and improve our production machinery and equipment to increase our production efficiency.

PRODUCTION

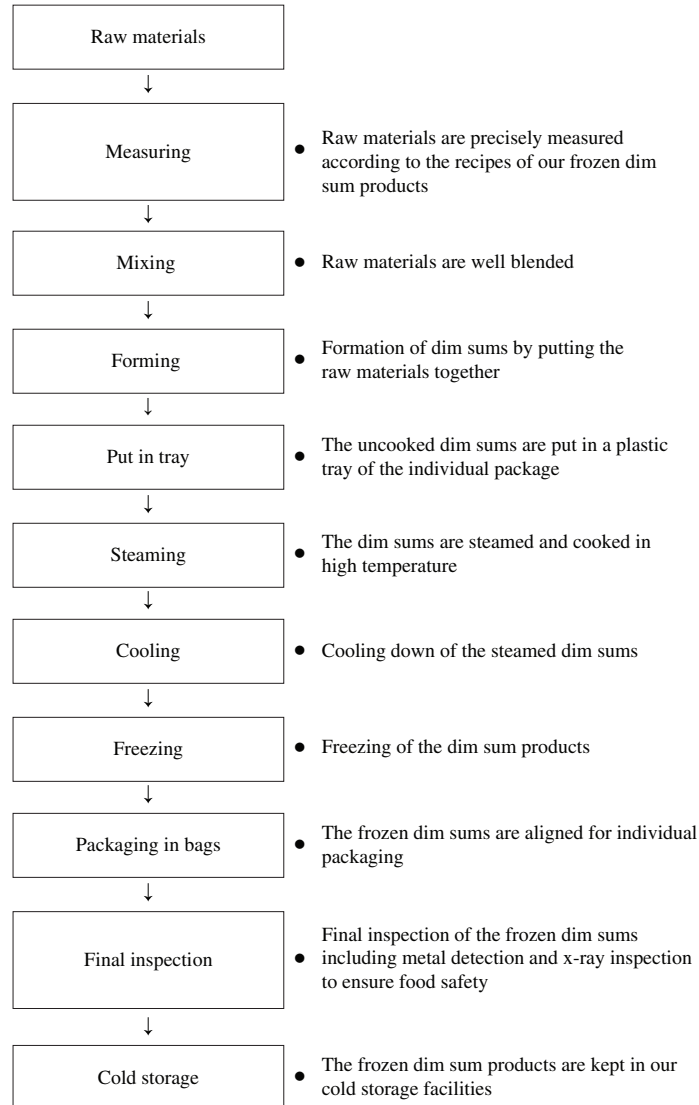
Production process

With Nissin Japan being the pioneer of the world's instant noodle industry and on a mission to transform the food culture of people around the world, we have inherited a strong first-mover advantage of production know-how and techniques for our instant noodle and other food products. Nevertheless, We have also been continuously making enhancement and modification to develop our own production techniques and process so that our food products are able to suit the tastes and preferences of our target local consumers. In order to optimise production efficiency and pursue excellence in food quality and safety, our production process for instant noodles, from raw material mixing, forming, steaming and frying the noodles, inserting seasoning and condiments to final product wrapping and box packaging, are highly standardised and automated. The majority of our production process for frozen food products are also automated with minimal manual process. In addition, we have made substantial investment on purchasing advanced production machinery and equipment, and our production and research and development teams also work closely to customise our production machinery and equipment so that we can reduce our costs of direct labour while still effectively meet our specifically designed production standards and enhance our production efficiency. The typical production process of our instant noodle products and frozen dim sum products are as follows:

Instant noodle products



Frozen dim sum products



Production plans

We typically make our production plans based on our production schedules and yearly sales forecast. To effectively control our risk exposure to excess production and inventory, our production, procurement, inventory control and sales personnel meet regularly to review our production plans and generally make necessary adjustments to our production volume, production schedule and procurement.

Production plants

To efficiently facilitate our production and sales and distribution network, as at the Latest Practicable Date, we have established nine production plants in strategic areas, including two production plants in Hong Kong (Nissin Plant and Wing On Plant), one production plant in each of Pinghu, Zhejiang province (Pinghu Production Plant), Shunde and Zhuhai, Guangdong province (Shunde Production Plant and Zhuhai Production Plant), and Xiamen, Fujian province (Xiamen Production Plant), the PRC with 16 production lines in total for our instant noodle products, one production plant in Hong Kong (Wintai Plant) with six production lines in total for our frozen food products, and one production plant in Dongguan, Guangdong province, the PRC (Dongguan Production Plant) with two production lines in total for making the packaging and labeling materials for our instant noodle products. We also produce a portion of our soup base and manufacture some packaging materials in one of our production plants in Hong Kong (Winner Plant). In addition, we have redesignated one of the production lines at our Shunde Production Plant to self-produce potato chip products starting from June 2017. We believe that these production plants give us convenience access to our major suppliers and sales markets in Hong Kong and major regions in the PRC, which in turn, reduce our transportation costs and delivery time. We have also continuously invested into our production plants in Hong Kong and the PRC in order to support our business expansion and sales growth, in particular, in the PRC.

During the Track Record Period, we had also manufactured a portion of our instant noodle products at our Songjiang Production Plant. In order to meet the increasing demand to further facilitate our business expansion in the PRC and also considering the average years of usage of the existing production machinery and equipment and the increasing labour costs at our Songjiang Production Plant, we decided to close down our Songjiang Production Plant and construct a new production plant equipped with more advanced production machinery and equipment in Pinghu to enhance our production capacities and efficiency for the manufacture of our instant noodles. As a result, we had gradually ceased operation and eventually closed down our Songjiang Production Plant in October 2016. We have also relocated core managerial and production personnel at our Songjiang Production Plant to our Pinghu Production Plant. We completed the construction of our Pinghu Production Plant in 2016 with three instant noodle production lines and commenced the pilot production there in May 2017.

Our corporate headquarters are currently located in Hong Kong at one of our production plants. During the Track Record Period, we also entered into an arrangement with Nissin Japan under which Nissin Japan shared working space of approximately 13 sq.m. with us for its International Packaging Development Division to collect global up-to-date information on packaging materials for the research and development purpose of the Nissin Japan Group. For more details of our work stations sharing arrangement with Nissin Japan, please refer to the section headed “Connected Transactions – I. Fully exempt continuing connected transactions – 1. Work stations sharing agreement” in this prospectus.

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For illustrative purpose only, the table below sets out the details our current production plants in Hong Kong and the PRC for our instant noodle and frozen food products for the periods indicated:

Production facilities	Products	Gross floor area (sq.m.)	Number of production lines	Year ended 31 December									Six months ended 30 June		
				2014			2015			2016			2017		
				Designed production capacity ⁽¹⁾⁽²⁾ (case/tonne)	Actual production volume ⁽³⁾ (case/tonne)	Utilisation rate ⁽⁴⁾ (%)	Designed production capacity ⁽¹⁾⁽²⁾ (case/tonne)	Actual production volume ⁽³⁾ (case/tonne)	Utilisation rate ⁽⁴⁾ (%)	Designed production capacity ⁽¹⁾⁽²⁾ (case/tonne)	Actual production volume ⁽³⁾ (case/tonne)	Utilisation rate ⁽⁴⁾ (%)	Designed production capacity ⁽¹⁾⁽²⁾ (case/tonne)	Actual production volume ⁽³⁾ (case/tonne)	Utilisation rate ⁽⁴⁾ (%)
Hong Kong															
Nissin Plant	Instant noodles	5,592	2	5,135,700	4,653,197	90.6 ⁽⁵⁾	5,135,700	4,344,434	84.6 ⁽⁵⁾	5,135,700	4,260,743	83.0 ⁽⁵⁾	3,825,888 ⁽¹¹⁾	1,945,822 ⁽¹¹⁾	50.9 ⁽¹¹⁾
Wing On Plant	Instant noodles	9,685	2	7,161,516	4,891,416	68.3	7,161,516	4,838,752	67.6	7,161,516	4,873,678	68.1	3,580,758	2,408,584	67.3
Wintai Plant	Frozen food products	8,793	6	5,266	4,159	79.0	5,266	4,443	84.4	5,385	4,279	79.5	2,906	2,108 ⁽¹²⁾	72.5 ⁽¹²⁾
PRC															
Songjiang Production Plant ⁽⁶⁾	Instant noodles	19,362	4	8,236,432	7,969,472	96.8	8,236,432	8,224,414	99.9	8,236,432	6,524,992	79.2	-	-	-
Shunde Production Plant	Instant noodles	25,035	3	16,785,072 ⁽⁷⁾	15,522,186	92.5	20,018,405 ⁽⁷⁾	16,179,873	80.8	20,624,655	14,623,528	70.9	10,312,328 ⁽¹³⁾	6,617,514 ⁽¹³⁾	64.2 ⁽¹³⁾
	Potato Chips		1	-	-	-	-	-	-	-	-	-	50,000	10,581	21.2
Zhuhai Production Plant	Instant noodles	20,748	3	9,774,193	10,607,425	108.5	9,774,193	11,555,025	118.2	13,514,097 ⁽⁸⁾	13,722,777	101.5	9,374,981 ⁽⁸⁾	6,871,786	73.3 ⁽⁸⁾
Xiamen Production Plant ⁽⁹⁾	Instant noodles	26,795	3	-	-	-	-	-	-	5,173,333	4,130,585	79.8	3,880,000	3,366,337	86.8
Pinghu Production Plant ⁽¹⁰⁾	Instant noodles	35,930	3	-	-	-	-	-	-	-	-	-	3,414,400	768,406	22.5

Notes:


- (1) The production process and machinery and equipment used for manufacturing various types of instant noodle products are similar. The designed production capacity for a production line of instant noodles is computed on the basis of the optimal production speed of various noodle machines per hour (i.e. the number of package (cup/bowl/bag) that can be produced by such noodle machine per hour) and the number of packages contained in various size of the cardboard boxes multiplied by 17 to 24 hours (different working shift arrangements for different production plants) and approximately 250 working days per calendar year, excluding weekends and public holidays during the year in Hong Kong and the PRC. Box is used as a measurement base for instant noodle products.
- (2) The production process and machinery and equipment used for manufacturing various types of frozen food products are similar. The designed production capacity for a production line of frozen food products is computed on the basis of the optimal production speed of various frozen food machines per hour (i.e. the weight (tonne) that can be produced by such frozen food machine per hour) multiplied by 7 to 16 hours (different working shift arrangements for different types of frozen food products) and approximately 250 working days per calendar year, excluding weekends and public holidays during the year in Hong Kong and the PRC. Tonne is used as a measurement base for frozen food products.
- (3) For the actual production volume of our instant noodle and frozen food products, factors considered include our human resources, the area of our production plants and the optimal production speed of our various production machinery and equipment.
- (4) Utilisation rate is computed by dividing the actual production volume by the designed production capacity during the same period.
- (5) The decrease in the utilisation rate of our Nissin Plant was primarily due to (i) the decrease in sales and hence production volume of our instant noodles in Hong Kong, and (ii) the improvement of our production efficiency due to the allocation of production lines among our production plants.
- (6) We closed down our Songjiang Production Plant in October 2016. Since then, we have relocated certain of our production machinery and equipment at our Songjiang Production Plant to our Xiamen Production Plant.

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- (7) We expanded and upgraded our Shunde Production Plant in the PRC in 2014 and 2015.
- (8) We extended the daily operation hours and adjusted the production speed in our Zhuhai Production Plant in the PRC in 2016. Such adjustment led to an increase in our designed production capacity at our Zhuhai Production Plant, which resulted in a decrease in our utilisation rate for the six months ended 30 June 2017.
- (9) We completed the construction of our Xiamen Production Plant in 2016 and commenced production at our Xiamen Production Plant in May 2016.
- (10) We completed the construction of our Pinghu Production Plant in 2016 and commenced the pilot production in May 2017. We have passed the construction completion environmental protection inspection in late August 2017.
- (11) We expanded and upgraded our Nissin Plant in Hong Kong in 2017. Nevertheless, our actual production volume of our Nissin Plant decreased for the six months ended 30 June 2017, primarily the result of our decreased sales of both cup and bowl-type and bag-type instant noodle products in Hong Kong for the same period. Please refer to the section headed “Financial Information – Period to period comparison of results of operations – Six months ended 30 June 2017 compared with six months ended 30 June 2016” in this prospectus. The increased design production capacity and decreased actual production volume for the six months ended 30 June 2017 also led to a decreased utilisation rate of our Nissin Plant for the same period.
- (12) The decreased actual production volume and hence, the decreased utilisation rate of our Wintai Plant for the six months ended 30 June 2017 were primarily the result of our increased outsourcing arrangement for certain types of frozen food products for the same period.
- (13) We redesignated one of the production lines in our Shunde Production Plant in the PRC to self-produce part of our potato chip products starting from June 2017. Hence, our actual production volume of instant noodles and utilisation rate of our Shunde Production Plant decreased for the six months ended 30 June 2017.

Our production lines operate approximately seven to 24 hours per day (one to two working shifts) depending on the types of products to be manufactured at various production plants and five days a week. As at 30 June 2017, we had 1,477 members in our production team to operate and manage our production lines.

In March 2014, we ceased operation and closed down our production plant for frozen food products in Shenzhen, the PRC due to the expiration of the lease agreement and our decision to outsource the manufacturing of our PRC frozen food operation. Since then, we have relocated certain of our production lines for frozen food products from the PRC to our Hong Kong frozen food production plant (Wintai Plant) and outsourced some of the products to our third-party contract manufacturers in the PRC.

As our business and the sales volume of certain products under our corporate brand “NISSIN (日清)” () continued to grow, we had from time to time made improvement and investment to certain of our production plants and facilities during the Track Record Period to increase our designed production capacity and production efficiency, and such improvement and/or investment might lead to a decrease in the utilisation rates in certain of our production plants. For instance, we expanded and upgraded our Shunde Production Plant in 2014 and 2015. As a result, the designed production capacity of our Shunde Production Plant increased from approximately 16.8 million cases/tonnes for the year ended 31 December 2014 to approximately 20.6 million cases/tonnes for the year ended 31 December 2016, while the utilisation rate at our Shunde Production Plant decreased from approximately 92.5% to approximately 70.9% for the same period. We also allocated our production lines among our production plants to improve our production efficiency.

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Going forward, we will gradually shift our focus to the production of frozen food and other food products, such as, potato chips products and non-fried instant noodle products, and the production of certain raw materials. We will also continue to upgrade our current production plants and facilities to improve production efficiency and upgrade our warehouses. For further details of our future expansion plan, please refer to the sections headed “Business – Production – Our expansion plan” and “Financial Information – Capital expenditures – Planned capital expenditures” in this prospectus.

Major production machinery and equipment

Our production plants and facilities are primarily equipped with highly automated production machinery and equipment that are customised to suit our production needs. Our in-house research and development team has been continuously collaborating with our production team and production machinery and equipment suppliers in designing and enhancing our production lines and production machinery and equipment in order to meet the specific production requirements for our various types of instant noodle and frozen food products. Further, our production lines for our cup and bowl-type instant noodles are also integrated with our advanced packaging process so that our instant noodles can be automatically packed into the designated cup or bowl-type containers.

We regularly invest in and upgrade our production technology, production lines and process of our production plants to enhance our production and cost efficiency. For example, we expanded and upgraded our production plant in Shunde, Guangdong province, the PRC by installing a new instant noodle production line and subsequently improve our production efficiency. As at the Latest Practicable Date, we had four and 12 instant noodle production lines in Hong Kong and the PRC, respectively, and six frozen food production lines in Hong Kong. All of our production machinery and equipment are owned by us and are sourced from the PRC, Japan and other overseas countries. For further details of our purchase of production machinery and equipment from Nissin Japan, Please refer to the section headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 10. Master equipment and parts purchase agreement” in this prospectus.

Our major production machinery and equipment generally have useful lives of approximately seven to ten years. Based on our experience, such useful lives may be extended for longer period with appropriate repair and maintenance. In determining the useful life and residual value of our production machinery and equipment, we consider various factors, such as changes in market demand, production process and techniques and expected usage of the production machinery and equipment. The estimation of the useful life of production machinery and equipment is generally based on our experience with similar production machinery and equipment that are used in a similar way.

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The following table sets out information on the number, average years of usage and the expected useful life of our major types of machinery and equipment as at 30 June 2017:

Types of machinery and equipment	Number	Expected useful life	Average years of usage
Mixer	34	8.5	4.8
Noodle machine	16	8.8	3.4
Steamer	16	8.1	2.6
Cutting machine/Forming machine	16	8.1	5.0
Flyer/Dryer	16	8.1	3.5
Cooler	16	7.8	3.5
Cup machine/Labelling machine	15	9.3	3.0
Auto packing machine/Shrink-wrapping machine	54	6.9	2.7
Caser/Semi-auto caser	26	7.0	2.5

Repair and maintenance

We schedule downtimes for regular inspections, maintenance and repairs of production machineries in accordance with our internal standards. Such internal standards are formulated by taking into account the technical, engineering and other specific requirements and procedures set out in the operation manual of the relevant production machinery and equipment, the ISO standards and the actual work flow in our production. These measures are in place to avoid unexpected failure and stoppage and maximise our production efficiency. We conduct annual maintenance on our major production machinery and equipment depending on their nature and characteristics.

As at 30 June 2017, our maintenance team consisted of 25 and 46 employees in Hong Kong and the PRC, respectively, who carry out routine cleaning and check ups on our frequently used production machinery and equipment. We did not experience any material or prolonged interruptions to our production process due to production machinery and equipment failures during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 we incurred repair and maintenance expense of approximately HK\$29.9 million, HK\$19.8 million, HK\$20.3 million and HK\$5.6 million, respectively.

Our expansion plan

According to Frost & Sullivan, the Hong Kong instant noodle market is expected to recover and remain a steady growth and the PRC instant noodle market is expected to remain steady in terms of retail sales value in the future. We expect that we will continue to maintain our leading position in the Hong Kong instant noodle market and further expand our business in the PRC as the market has showed an increasing popularity of premium instant noodle products during the Track Record Period.

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Due to the current restrains on our areas of production plants and optimal production speeds reached by our various production machinery and equipment, certain of our production plants are reaching their designed production capacities. For example, the utilisation rate of our Nissin Plant and Zhuhai Production Plant, both being production plants for instant noodles, had reached utilisation rate of approximately 90.6%, 84.6% and 83.0% and 108.5%, 118.2% and 101.5% for the years ended 31 December 2014, 2015 and 2016, respectively, even though we had adjusted their production line allocation and/or operating hours and production speed. In order to meet the growing demand of our customers and support our future expansion in the PRC, we purchased a parcel of land in Xiamen, Fujian province in July 2014 and two parcels of land in Pinghu, Zhejiang province in May and August 2015, with a total land area of approximately 25,272 sq.m. and 50,000 sq.m., respectively. We completed the construction of our Xiamen Production Plant with a total gross floor area of approximately 25,271 sq.m. in 2016 and commenced the production of our cup and bowl-type instant noodle products in this new production plant in May 2016. We also completed the construction of our Pinghu Production Plant with a total gross floor area of approximately 35,930 sq.m. in 2016 and commenced production for our cup and bowl-type instant noodle products in May 2017. We are currently also in the process of upgrading and expanding our Nissin Plant in Hong Kong from approximately 5,592 sq.m. to 21,195 sq.m. in gross floor area to meet the growing demand of our instant noodle products in Hong Kong and the southern China. We also renewed two production lines at our Nissin Plant with various new production machinery and equipment mainly for the production of our bag-type instant noodle products. We completed the first phase of expanding our Nissin Plant in the end of 2016 and expect to complete the rest of the expansion by the end of 2018.

As part of our future growth strategy, we currently expect to incur additional HK\$458.5 million in capital expenditures through the year ending 31 December 2018 to continue to upgrade and expand our existing production plants in both Hong Kong and the PRC and construct new production plants and production lines. Such capital expenditures will be primarily funded by the net proceeds from Global Offering with the remaining capital expenditures funded by our working capital. We intend to incur approximately HK\$126.5 million for the second phase of expansion of our Nissin Plant which to be completed at around the end of 2018 and primarily for the expansion of our warehouse to lower our freight and storage costs, and incur approximately HK\$35.0 million to upgrade the existing production lines at our Wing On Plant in late 2018 to improve the production efficiency of our instant noodles. We also intend to incur approximately HK\$99.6 million to establish new production lines, and purchase production machinery and equipment for packaging facilities and modification of existing production lines in the middle of 2018 to manufacture both cup and bag-type instant noodles on the same production line to increase the production capacity and efficiency of our cup and bowl-type instant noodles at our Zhuhai Production Plant. We then plan to incur approximately HK\$35.0 million to upgrade the existing production lines at our Shunde Production Plant to improve production efficiency. Further, we also plan to incur approximately HK\$62.4 million on the general maintenance and improvement of current production plants and consider to incur approximately HK\$100.0 million to construct a new production plant for frozen food products in the PRC. Upon completion of the above upgrade and expansion of our production plants and production lines, we expect that the annual design production capacity for instant noodle products at our Nissin Plant to reach approximately nine million cases, the annual design production capacity for potato chips products at our Shunde Production Plant to reach approximately six hundred tonnes, the annual design production capacity for instant noodle products at our Zhuhai Production Plant to reach approximately eighteen million cases, and the annual design production capacity for frozen food products if we construct a new production plant for frozen food products in the PRC to be approximately four thousand and five hundred tonnes. We currently do not expect

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to increase the design production capacity for the other existing production plants save as disclosed above. According to our PRC Legal Advisers, to establish a new production plant for frozen food in the PRC, we will need to apply for approvals and permits similar to those for establishing a production plant for instant noodles in the PRC. We will need to obtain construction permits for the construction of the production plant, observe environmental protection regulatory requirements during the construction and operation, and apply for food production license and food operation license to produce and sell frozen food products. Nevertheless, according to our PRC Legal Advisers, based on our experience in establishing and operating production plants for instant noodles and in view of the similarity in respect of the approvals and permits required for the production plants for instant noodles and frozen food, there should be no material legal impediment for us in obtaining the required approvals and permits to establish a new production plant for frozen food in the PRC if we follow the relevant laws and regulatory requirements.

Our expansion plan may result in a number of risks, including but not limited to, over-capacity and significant increases in initial labour costs and depreciation and amortisation expenses arising from certain of our production machinery and equipment and software development. Our revenue and profit may also not increase in proportion to our increased production capacity and expansion. Please refer to the section headed “Risk Factors – We may be unable to effectively implement our future growth and expansion plans and strategies” and “– Our future expansion plan may not be successful as we have planned or such expansion plan may result in over-capacity or significant increases in depreciation, amortisation and operational expenses, which may materially and adversely affect our business, results of operations and financial condition” in this prospectus for more details. However, we believe that we will be able to rationalise our management and resources and maintain or improve our cost structure, liquidity, gross profit margins and competitiveness, and do not expect our expansion plan to have any significant impact on our risk profiles and liquidity. We also believe that our expansion plan will enable us to cope with the expected increase in future demand and increase our revenue and profitability, which in turn, will allow us to further strengthen our leading position in the instant noodle market in Hong Kong and to further raise our profile in the instant noodle market in the PRC.

PROCUREMENT AND OUTSOURCING

Raw materials

The key raw materials we use to manufacture our instant noodle products are primarily wheat flour, palm oil and various seasoning. The key raw materials we use to manufacture our frozen food products are primarily wheat flour, meat, and vegetables. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our cost of raw materials (including packaging materials) was approximately HK\$1,133.3 million, HK\$1,081.1 million, HK\$1,043.8 million and HK\$445.0 million, respectively, accounting for approximately 67.8%, 66.2%, 65.7% and 51.7% of our total cost of sales for the same period, respectively.

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In Hong Kong, as Hong Kong is a free trading port and not an agricultural city, we generally procure our raw materials from overseas suppliers in Malaysia, Singapore, the PRC and Japan for our production. In the PRC, we generally source our raw materials from domestic suppliers for our production due to certain regulations and restrictions on importation posed by the PRC governments for various of our key raw materials. As most of our primary raw materials are commodities, our Directors believe that the price fluctuation of our raw materials used in the production of our food products are dependent on a number of factors, including supply and demand, weather, processing costs, foreign exchange rates, and government regulations and policies. During the Track Record Period, fluctuation of market prices of our raw materials had not caused material impact on our costs of raw materials. Further, in general, we intend to pass on increases in cost of raw materials to our customers if such increases affect our business operation and profit margin. During the Track Record Period, we typically sourced our packaging materials from domestic suppliers in the PRC and then processed them to finished products, such as the containers for our cup and bowl-type instant noodle products and corrugated carton boxes for the packaging of our products, to be delivered to our production plants in Hong Kong and the PRC. We gradually decreased our purchases of packaging materials as we started to self-produce the same at our Dongguan Production Plant since 2016.

For our procurement of our raw materials, we typically enter into three-month supply contracts with our suppliers to fix the prices and quantities to maintain sufficient level of supply for our production in Hong Kong, whereas we typically enter into purchase orders with our suppliers for each of our purchases in the PRC. We generally take reference from the public market information and regularly conduct analysis to forecast our purchase prices of key raw materials for the next three to six months. Further, to better control our procurement process and inventory level, we typically provide our procurement forecast to our suppliers on a regular basis and enter into purchase orders with them for each of our purchases. During the Track Record Period, we had not encountered any shortage of supply of our raw materials.

Set out below are the material terms of the purchase orders we typically enter into with our suppliers and the Nissin Japan Group:

- *Specification* – The purchase orders typically set out the ordering numbers, names, specifications, prices, quantities, value and delivery dates of the raw materials we require.
- *Delivery* – Our suppliers are required to deliver the raw materials to our relevant production plants.
- *Payment* – Our suppliers generally grant us a credit term up from 30 to 60 days from the issuing date of the invoices.

We have one and four dedicated procurement teams in Hong Kong and the PRC, respectively. Our procurement team is primarily responsible for monitoring the market prices of our key raw materials, negotiating and determining the purchase prices of raw materials with our suppliers, identifying new qualified suppliers and managing existing suppliers. As at 30 June 2017, we had 11 and 28 staff members in our procurement team in Hong Kong and the PRC, respectively.

Outsourcing arrangement

During the Track Record Period, we entered into various outsourcing arrangements with third-party contract manufacturers and the Nissin Japan Group for a portion of our instant noodle, frozen food and other food products, such as our instant noodle products under “Fuku (福)” (福), our rice-flour vermicelli products under our “Doll Instant Mifun (公仔米粉)” (公仔米粉) and “Demae Mifun (出前一丁包裝米粉)” (出前一丁), our frozen food products under our “Doll Dim Sum (公仔點心)” (大公仔點心) and other food products under our “Nissin Retort Pouch (日清美味寶)” (日清美味寶) and “Karamucho (激辣魔薯)” (激辣). Our third-party contract manufacturers do not require production know-how and techniques of the Nissin Japan Group to manufacture these products. We believe that our strategic outsourcing arrangement has allowed us to focus our resources on our main product segments and increase production capacity in a timely manner without incurring additional capital expenditure. Our outsourcing arrangement also provides us with greater flexibility to adjust our product mix more quickly to react to changing consumer demand and market conditions. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our outsourcing costs amounted to approximately HK\$67.1 million, HK\$93.6 million, HK\$103.3 million and HK\$70.0 million, respectively, accounted for approximately 4.0%, 5.7%, 6.5% and 8.1% of our cost of sales, respectively. We have been actively expanding our product portfolio to cater for the changing consumer tastes and higher quality standard. Leveraging the wide portfolio of innovative products, we had entered into various outsourcing arrangements with the Nissin Japan Group to subcontract the manufacturing of our certain products and procure them as finished goods. For instance, in 2015, we began to subcontract manufacturing of our non-fried instant noodle products under our “Fuku (福)” (福) to and procure them as finished products from Nissin Vietnam, and also subcontract manufacturing of our tom yum goong flavour potato chip products under our “Cup Noodles (合味道)” (合味道) to and procure them as finished products from Nissin Thailand. Further, due to the popularity of Japanese noodles in Hong Kong, we also began to subcontract manufacturing of our bowl-type instant udon products under “NISSIN (日清)” (NISSIN) and procure them as finished products from Nissin Japan. For further details of our outsourcing arrangements with the Nissin Japan Group, please refer to the section headed “Connected Transactions” in this prospectus. The terms of the purchase orders we enter into with the Nissin Japan Group are similar as the purchase orders we enter into with third-party contract manufacturers.

We select our third-party contract manufacturers on the basis of a set of criteria, which primarily includes requiring our third-party contract manufacturers to obtain all requisite production and operation licenses and permits, meet the relevant laws and regulations in relation to product hygiene and safety and pass our internal quality assessment on various factors, including quality control on raw materials, hygiene conditions, on-site inspection of production plants and financial stability. As at 30 June 2017, we had ten third-party contract manufacturers. We generally enter into one year contract with our third-party contract manufacturers and negotiate our purchase volume and pricing according to the estimated demand for the year. We also typically enter into purchase orders with our contract manufacturers for each of our purchases. Our contract manufacturers are generally not allowed to sell these products manufactured for us to other third parties. During the Track Record Period, we had not experienced any shortage of supply from our contract manufacturers.

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Set out below are the material terms of purchase orders we entered into with our contract manufacturers:

- *Specification* – The purchase orders typically set out the ordering numbers, names, specifications, prices, quantities, value and delivery dates of the finished products we require.
- *Delivery* – Our contract manufacturers are required to deliver the finished products to our relevant production plant.
- *Payment* – Our contract manufacturers generally grant us a credit term from 30 to 60 days from the issuing date of the invoices.

Finished goods

After we completed the acquisition of 51.0% equity interest of MCMS in March 2017, we started to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS. Pursuant to the shareholders' agreement entered into among Mitsubishi, MCMS and us on 15 March 2017 and the master supply agreement among MCMS and MCHK, Mitsubishi shall procure MCHK to continue to supply to MCMS beverage, processed food and sauce products of other brands currently distributed by MCMS for its onward sales in Hong Kong and Macau. The master supply agreement has a term of five years from the date of the agreement and shall be renewed by mutual agreement of MCHK and us on the same terms and conditions for a term of three years upon its expiry. Each party is entitled to terminate the agreement if any other party commits a breach of any provisions of the agreement. For the six months ended 30 June 2017, our procurement of finished goods amounted to approximately HK\$59.5 million, accounted for approximately 6.9% of our total cost of sales for the same period.

Suppliers

We procure a majority of our raw materials from independent third-party domestic and overseas suppliers. We typically have more than three suppliers for each type of our key raw materials in both Hong Kong and the PRC to reduce dependence on any single supplier. We also procure a portion of our raw materials, such as soup base, seasoning and condiments, from the Nissin Japan Group as we believed it has greater bargaining power for certain procurement and better quality control. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our purchases of raw materials from the Nissin Japan Group amounted to approximately HK\$37.1 million, HK\$29.1 million, HK\$35.3 million and HK\$19.8 million, respectively, which accounted for approximately 3.3%, 2.7%, 3.4% and 4.4% of our total purchases of raw materials for the same periods respectively. For further details on our procurement and outsourcing arrangements with the Nissin Japan Group, please refer to the section headed "Connected Transactions" in this prospectus.

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We carefully select our suppliers by evaluating their overall track record, financial strengths, reliability and competitiveness, stability of supply, quality control measures, reasonableness of price as well as logistics arrangements. Having met our selection criteria, the supplier will become our qualified suppliers. As we believe that stringent food quality and safety standards are our core values, we closely communicate with and monitor our suppliers and require all raw materials provided by them to meet our stringent internal and the relevant national and/or international quality standards. We typically require our suppliers to provide certificates to us for their supply of raw materials. For certain raw materials, for example palm oil, we generally conduct sample testing on each batch delivered to us to ensure that our suppliers comply with our quality control standards and specifications. For some of the other raw materials with relatively stable quality, for example, wheat flour, the inspections are generally conducted by our suppliers and we inspect them on a regular basis. We also carry on-site inspections on our major suppliers periodically. Further, we have engaged the Nissin Shanghai Food Safety Institute to run various professional tests, including pesticide residues test, veterinary drug residues test, microbiological test, heavy metals test and mycotoxin test, to prevent contamination and ensure the quality and safety of our raw materials. For further details of our quality control measures, please refer to the section headed “Business – Quality control” in this prospectus.

We have established good and long-term relationship with our top five suppliers. Save as the Nissin Japan Group, we had maintained business relationship with our other top five suppliers for an average of more than six and a half years as at 30 June 2017. One of our top five suppliers, which supplied wheat flour, palm oil and beverage products to us, was also one of our top five customers during the Track Record Period. To the best knowledge of our Directors, such supplier is a Japanese company which held approximately 6.6% of the issued share capital of Nissin Japan, and Nissin Japan also held less than 1.0% of the issued share capital of this Japanese company, as at the Latest Practicable Date. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, purchases from our top five suppliers accounted for approximately 19.7%, 25.2%, 26.4% and 37.8% of our total purchases, respectively, while purchases from our largest supplier accounted for approximately 4.4%, 7.4%, 7.9% and 13.1% of our total purchases for the same period, respectively. The substantial increase in our purchases from the top five suppliers for the six months ended 30 June 2017 was primarily due to our procurement of other branded products after we acquired 51.0% equity interest of MCMS in March 2017.

As at the Latest Practicable Date, save for the interest of Nissin Japan in our top five suppliers as mentioned above, none of our Directors or their respective associates, or any of our existing Shareholders who, to the best knowledge of our Directors, owned 5.0% or more of the issued share capital of our Company, had any interest in any of our top five suppliers. We had not experienced any material disruption, disputes or delay in relation to the supply of our raw materials and components with our suppliers during the Track Record Period.

BUSINESS

The tables below set forth the basic information of our top five suppliers during the Track Record Period:

For the year ended 31 December 2014

<u>Supplier</u>	<u>Major products procured from the supplier</u>	<u>Approximate% of our total purchases</u>	<u>Background of the supplier</u>	<u>Principal nature of the supplier</u>	<u>Years of business relationship as at 31 December 2014 (approximately)</u>	<u>Credit period</u>
Supplier A	Wheat flour	4.4	A company established in the PRC	Manufacturer	More than four years	approximately 30 days
Supplier B	Frozen food	4.3	A company established in the PRC	Food manufacturer	More than four years	approximately 45 days
Nissin Japan Group	Seasoning, oil, additive, flour, milk, instant noodle, equipment	3.7	Our Controlling Shareholder	Food manufacturer	Thirty years	approximately 30 days
Supplier C	Palm oil	3.7	A company established in the PRC	Trading	More than four years	approximately 15 days
Supplier D	Wheat flour	3.6	A company established in the PRC	Manufacturer	More than four years	approximately 30 days

For the year ended 31 December 2015

<u>Supplier</u>	<u>Major products procured from the supplier</u>	<u>Approximate% of our total purchases</u>	<u>Background of the supplier</u>	<u>Principal nature of the supplier</u>	<u>Years of business relationship as at 31 December 2015 (approximately)</u>	<u>Credit period</u>
Supplier D	Wheat flour	7.4	A company established in the PRC	Manufacturer	More than five years	approximately 30 days
Supplier B	Frozen food	6.7	A company established in the PRC	Food manufacturer	More than five years	approximately 45 days
Supplier E ⁽¹⁾	Wheat flour, palm oil	3.9	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution and trading	More than five years	approximately 30 days
Supplier F	Palm oil	3.8	A company established in the PRC	Manufacturer	More than five years	approximately 30 days
Supplier G	Palm oil	3.4	A company established in the PRC	Manufacturer	More than two years	approximately 30 days

Note:

(1) Supplier E was also one of our top five customers during the Track Record Period.

BUSINESS

For the year ended 31 December 2016

Supplier	Major products procured from the supplier	Approximate% of our total purchases	Background of the supplier	Principal nature of the supplier	Years of business relationship as at 31 December 2016 (approximately)	Credit period
Supplier D	Wheat flour	7.9	A company established in the PRC	Manufacturer	More than six years	approximately 30 days
Nissin Japan Group	Seasoning, oil, additive, flour, milk, instant noodle, equipment	6.2	Our Controlling Shareholder	Food manufacturer	More than thirty years	approximately 30 days
Supplier B	Frozen food	4.8	A company established in the PRC	Food manufacturer	More than six years	approximately 45 days
Supplier F	Palm oil	3.8	A company established in the PRC	Manufacturer	More than six years	approximately 30 days
Supplier C	Palm oil	3.7	A company established in the PRC	Trading	More than six years	approximately 15 days

For the six months ended 30 June 2017

Supplier	Major products procured from the supplier	Approximate% of our total purchases	Background of the supplier	Principal nature of the supplier	Years of business relationship as at 30 June 2017 (approximately)	Credit period
Supplier E ⁽¹⁾	Wheat flour, palm oil and beverage products	13.1	A Japanese company (with its subsidiaries) listed on the Tokyo Stock Exchange	Distribution and trading	More than six and a half years	approximately 90 days
Nissin Japan Group	Seasoning, oil, additive, flour, milk, instant noodle, equipment	7.6	Our Controlling Shareholder	Food manufacturer	More than thirty years	approximately 30 days
Supplier B	Frozen food	6.0	A company established in the PRC	Food manufacturer	More than six and a half years	approximately 45 days
Supplier C	Palm oil	5.8	A company established in the PRC	Trading	More than six and a half years	approximately 15 days
Supplier D	Wheat flour	5.3	A company established in the PRC	Manufacturer	More than six and a half years	approximately 30 days

Note:

(1) Supplier E was also one of our top five customers during the Track Record Period.

BUSINESS

Procurement planning

During the Track Record Period, we did not experience any shortage in the supply of our raw materials. Some of our raw materials, such as vegetables and marine products, have seasonal effect. In this regard, we may give our suppliers half to one year forecast so that our suppliers can predict and meet our procurement needs. Our suppliers are also required to satisfy certain specifications of our key raw materials, including specifications on moisture and temperature, to satisfy our requirements. We generally maintain certain inventory level of our raw materials in order to support our production needs as well as to make prototypes for new products for our research and development purposes.

Payment settlement

Our suppliers generally provide us with a credit term up to 60 days from date of billing invoices and we typically settle our procurement in Hong Kong and overseas in Hong Kong or US dollars and our procurement in the PRC in RMB, both by bank transfers.

QUALITY CONTROL

We believe that our pursuit of excellence in product quality and safety is the foundation of our success and it is our mission to contribute to safety and security of the food industry as a market leader. As such, we have been continuously focusing our efforts in all aspects to monitor and ensure the quality and safety of our food products throughout our procurement and production process, including inspection and/or testing of incoming raw materials, work-in-progress and finished goods. As at 30 June 2017, our quality control team in Hong Kong and the PRC comprised 16 and 84 staff members, respectively, and are led by our Mr. Munehiko Ono, who is also one of our directors and has approximately nine years of experience in management of production plants.

We have a quality assurance team for each of the company at the Group that has a production plant in Hong Kong and the PRC. Our quality assurance team is responsible for formulating our quality control systems in accordance with the relevant laws and regulations in Hong Kong and the PRC, and monitor our entire production process. Our quality assurance team also reviews and monitors the implementation of our quality control programmes on a regular basis and conduct laboratory tests and data analysis on our raw materials and finished products to safeguard product quality. We also exchange ideas and experience with the Nissin Global Innovation Center and the Nissin Global Food Safety Institute to further promote our quality control process and capabilities. In addition, we have also engaged the Nissin Shanghai Food Safety Institute to conduct professional tests and analysis once a month on various substances which are not required in our usual quality assurance processes for our raw materials and finished products. We currently hold 5.0% of the equity interest of the Nissin Shanghai Food Safety Institute. For more details, please refer to the section headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 12. Master quality control support service agreement” in this prospectus.

BUSINESS

We have been accredited with ISO 9001 or ISO 22000 for all of our existing operational production plants in Hong Kong and the PRC, except for our Pinghu Production Plant and our Dongguan Production Plant for packaging materials. Further, we have been accredited with HKQAA – HACCP (Hazard Analysis and Critical Control Points) for our production plant of frozen food products in Hong Kong. ISO 9001 is a standard and guideline relating to quality management systems, and represents an international consensus on good quality management practices. ISO 22000 is a higher management system which addresses food safety through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling to manufacturing, distribution and consumption of finished products. HKQAA – HACCP (Hazard Analysis and Critical Control Points) is a scientific, rational and systematic system that put in place measures to prevent hazards during production, processing, manufacturing, preparation and use of food from occurring. Further, we have also been accredited with Organic Processing and Handling Certification in February 2016, which certifies our compliance with the Organic Production, Aquaculture and Processing Standard 2015 issued by Hong Kong Organic Resource Centre Certification Ltd., the first local certification body of organic products set up under the Agricultural Development Fund to facilitate the development of organic farming in Hong Kong. These certifications signify our commitment and active pursuit of high quality control standards throughout our operational and production processes.

Further, we have also obtained the production licence for instant noodles (生產許可證(方便麵)), seasoning (生產許可證(調味料)) and paper containers (生產許可證(食品用紙包裝容器)) for the manufacturing of our noodle products in the PRC. In order to obtain and maintain such production license for instant noodles (生產許可證(方便麵)), we have to meet the quality and hygiene standards set by the PRC government, covering various stages of the production process from raw material procurement, manufacturing, maintenance of production plants, finished products and storage. Moreover, we are subject to annual inspection from the relevant PRC government authorities. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fines or other penalties from government authorities in relation to product quality.

Quality control for raw materials

We adopt and maintain stringent control over the selection of our suppliers. We select and evaluate our supplier for each category of raw materials based on a standard set of criteria, including their reliability and competitiveness, stability of supply, quality control measures, reasonableness of price as well as logistics arrangements.

We have prescribed specifications on our raw materials for the production of our noodle products and our suppliers are required to provide some of our key raw materials, such as wheat flour as per our specification, to satisfy our requirements. We also require the raw materials provided by our suppliers to meet the relevant standards as required by the Hong Kong and the PRC governments from time to time. In the event that the raw materials supplied to us do not satisfy our quality standards, we are entitled to return them to our suppliers.

BUSINESS

For certain raw materials, for example palm oil, we generally conduct sample testing on each batch delivered to ensure that our suppliers comply with our quality standards and specifications. For some other relatively stable raw materials, for example wheat flour, the inspection is to be conducted mainly by the suppliers and we inspect them regularly. We closely communicate with and monitor our suppliers and require all our raw materials provided by them to meet our stringent internal and the relevant national and international quality standards by requiring them to provide certificates for the supply of each batch of our key raw materials. We also conduct site visits to our key suppliers for wheat flour and palm oil periodically. We also send samples of our raw materials to the Nissin Shanghai Food Safety Institute for testing on a monthly basis. The tests run by the Nissin Shanghai Food Safety Institute aim to prevent contamination of our products by conducting various professional tests and analysis, including pesticide residues test, veterinary drug residues test, microbiological test, heavy metals test and mycotoxin test. The Nissin Shanghai Food Safety Institute is accredited by the China National Accreditation Service for Conformity Assessment with ISO/IEC 17025, which is an international standard that specifies the general requirements for the competence to carry out tests and/or calibrations. We also exchange ideas and information with the Nissin Global Innovation Center and the Nissin Global Food Safety Institute to facilitate our development capabilities.

Quality control for work-in-progress

Each stage of our production process is closely monitored by our quality assurance team who conducts quality sample testing and inspection on our semi-finished products during the production process. Our quality assurance team is responsible for ensuring that (i) our production procedures, including the use of ingredients, follow our internal production guidelines, (ii) our products are consistent in taste, size, weight, appearance and water content, (iii) there is no contamination in our products, (iv) our products meet our quality and hygiene standards and the standards set by Hong Kong and the PRC government, and (v) our cup and bowl containers for our instant noodle products are fit for purpose. Only those products which pass our quality checks can proceed to the next stage of production.

In addition, we adopt strict hygiene and safety standards at all of our production plants. Our employees are required to follow strict sanitising procedures, including wearing caps, masks, uniforms and overshoes, washing hands and walking through the air shower room, before they are allowed to enter our production plants.

Quality control for finished products

For each of the company of the Group that has a production plant, we have in-house testing facilities for the inspection of our finished products. Our quality assurance team at our production plants is responsible for inspecting the finished products in samples. Our sales personnel also have regular meetings with our distributors and sub-distributors to collect feedbacks from them on the quality of our products. To better serve our consumers and collect market information in a timely manner, we have set up customer service hotlines and printed the hotlines on all our products so that our customers or consumers can reach us at their convenience if they have any complaints, feedback or any enquiries in relation to our food products. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any complaints on us or our products from our customers which had caused a material adverse impact on our business or our reputation.

BUSINESS

In April 2017, the Shunde CIQ inspected our instant noodle products when we imported the same from Hong Kong to the PRC. The Shunde CIQ alleged that two out of our seven SKUs of products inspected, namely, our bag-type “Demae Iccho (出前一丁) (出前一丁)” instant noodle products in black garlic oil tonkotsu flavour and Tokyo shoyu tonkotsu flavour, contained coliforms which exceeded the national safety limit. While our internal testing on the same batch of instant noodle products (both before and after the Shunde CIQ’s inspection) produced results showing coliforms level below the national safety limit, we destroyed the relevant batch of instant noodle products that weighed approximately 3.1 tonnes and valued approximately HK\$77,000 at the instruction of the Shunde CIQ. We have since received the inspection and quarantine certificates of goods for entry issued by the Shunde CIQ for our subsequent batches of instant noodle products which we imported from Hong Kong to the PRC. Subsequently, in July 2017, the Food and Environmental Hygiene Department of Hong Kong made an enquiry to us, inspected our production plant in Hong Kong, collected samples of our instant noodle products for testing and verbally confirmed that the tests revealed no negative findings. As (i) the quantity of our products involved was not material, (ii) we have destroyed the products concerned and there is no product recall required by nor any fine or penalty imposed by the applicable authorities; and (iii) we have not received any complaints from our customers and consumers, we believe that the above incident have not had and will not have a material adverse effect on our business, financial performance or reputation. Further, we have also immediately enhanced our procedures and policies on food safety voluntarily as illustrated below.

Following the above incident, we have internally reviewed such incident and considered measures to further bolster our food safety protocol. As our instant noodles are dehydrated by oil-frying at a temperature of over 150 degree Celsius during the flash frying part of our production process, we believe that no coliforms could survive such process and we have therefore focused on further enhancing the procedures for the subsequent cooling part of our production process. We have increased the frequency of (i) changing the air filters which are used for filtering the air supplied from an enclosed clean air area for cooling the fried instant noodles; (ii) cleaning the conveyor belts for our instant noodles prior to packaging; and (iii) on-site inspection of the personal hygiene matters of our production staff, and have further strengthened the internal testing of our instant noodle products as from July 2017.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material negative findings or fines, or other penalties from Hong Kong and the PRC government authorities regarding product quality or safety; (ii) we were not required by Hong Kong law or PRC law to undertake any mandatory product recalls; and (iii) we did not have any material product liability exposure.

INVENTORY MANAGEMENT

Our inventory comprises of raw materials, work-in-progress and finished products. We maintain a computerised ERP system to track the in-coming and out-going inventory. This system enables us to monitor levels of inventory on a timely basis so as to maintain an optimum level of raw materials and finished products. We also monitor the inventory levels of our major distributors by communicating with their sales personnel regarding their inventory level of our products generally on a regular basis. We review and analyse such information from our sales personnel to assess the market demand for our products and adjust our production schedules accordingly. We also regularly conduct stock take of our inventories.

BUSINESS

We generally maintain certain level of raw materials, and all of our raw materials and finished products at our production plants are respectively consumed and sold on a first-in-first-out basis. Once our finished goods are produced and we receive a purchase order, we endeavour to deliver them to our customers at the earliest possible time, and in any event no later than two months after their date of production of our products.

We have warehouses at each of our production plants. Our finished products are stored in designated zones within our warehouses according to their manufacturing dates and product categories. We also rent third-party warehouses in Hong Kong. All of our finished products are stored in well-ventilated storage conditions with controlled temperature and humidity to minimise the risk of food deterioration. In particular, for our frozen food products, we have cold storage facilities to ensure that they are stored at the appropriate temperature level, i.e. -18 degree Celsius (°C) in compliance with the relevant industry standard.

As at 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our closing balance of our inventories amounted to approximately HK\$161.1 million, HK\$165.6 million, HK\$215.1 million and HK\$223.1 million, respectively, which represented approximately 8.0%, 6.1%, 10.6% and 10.7% of our total current assets, respectively. Our average inventory turnover days were 36, 37, 44 and 46 days for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. For more details of our average inventory turnover days, please refer to the section headed “Financial Information – Certain items of consolidated statements of financial position – Inventories” in this prospectus.

DELIVERY AND LOGISTICS

During the Track Record Period and as at the Latest Practicable Date, we had outsourced a majority of our product transportation to independent third-party logistics service providers. We usually enter into service agreements with our third-party logistics service providers for a period of one to three years.

For raw materials supplied by our suppliers, in Hong Kong, our overseas suppliers deliver to and we pick up from the Hong Kong ports. In the PRC, our domestic suppliers generally deliver to our designated warehouse for later production at our suppliers’ own costs and risks. For our products to customers, in Hong Kong, our customers or the sub-distributors typically collect our food products from our warehouses using their own logistic arrangements, while we also engage independent third-party logistics service providers to deliver our products. In the PRC, we mainly engage independent third-party logistics service providers to deliver our products.

We believe that our use of professional third-party logistics services have allowed us to better manage our risks associated with delivery of our food products, including those arising from delay of delivery, spoilage, damage or loss of food products during transportation. During the Track Record Period and as at the Latest Practicable Date, we did not experience any significant delay in delivery that materially affected our business operations.

BUSINESS

AWARDS AND RECOGNITIONS

We have been accredited numerous awards and certificates in recognition of our products and brands, details of which are set out below:

Year	Awards and recognitions	Issuing authority
2017. . . .	Excellence Employer Award 2016 (卓越僱主大獎2016)	Job Market Magazine
2016. . . .	PARKnSHOP Super Brands Award (百佳超卓品牌大賞)	ParknShop (百佳超級市場)
2016. . . .	The 17th Favourite Brands Awards: The Top 10 Supermarket Brands – Nissin Instant Pack Noodle (第十七屆超市名牌選舉：十大超市名牌 – 出前一丁 – 即食麵)	Wellcome Supermarket (惠康超級市場)
2016. . . .	中國方便食品創新獎 (Convenient Food in China – Innovative Award)	第十六屆中國方便食品大會
2015. . . .	大數據論壇 – 品牌管理與社會責任獎 (Big Data Forum – Brand Management and Corporate Social Responsibility Award)	中國統計情報服務中心
2015. . . .	卓越僱主大獎 (Outstanding Employer Award)	Job Market Magazine
2015. . . .	The 16th Favourite Brands Awards: Outstanding Category Performance Award – Perishables (第十六屆超市名牌選舉：出類拔萃獎 – 包點及保鮮食品)	Wellcome Supermarket (惠康超級市場)
2015. . . .	PARKnSHOP Super Brands Award (百佳超卓品牌大賞)	ParknShop (百佳超級市場)
2015. . . .	The 16th Favourite Brands Awards: The Top 10 Supermarket Brands – Nissin Instant Noodle (第十六屆超市名牌選舉：十大超市名牌 – 出前一丁即食麵)	Wellcome Supermarket (惠康超級市場)
2015. . . .	The 16th Favourite Brands Awards: Outstanding Category Performance Award – Oil, Rice & Noodles (第十六屆超市名牌選舉：出類拔萃獎 – 油米麵)	Wellcome Supermarket (惠康超級市場)
2014. . . .	廣東省製造業企業500強 (Top 500 Manufacturing Company in the Guangdong Province)	廣東省製造業協會 (The Manufacturing Association of the Guangdong Province)
2014. . . .	傑出企業形象大獎 (Outstanding Corporate Image Award)	TVB周刊 (TVB Weekly)
2013. . . .	The 14th Favourite Brands Awards: The Top 10 Favourite Brands – Demae Iccho (第十四屆超市名牌選舉：十大超市名牌 – 出前一丁 – 即食麵)	Wellcome Supermarket (惠康超級市場)

BUSINESS

Year	Awards and recognitions	Issuing authority
2013. . . .	The 14th Favourite Brands Awards: Daddy's Favourite Brand Award – Demae Iccho (第十四屆超市名牌選舉：爸爸最愛品牌大 獎 – 出前一丁)	Wellcome Supermarket (惠康超級市場)
2012. . . .	Monde Selection (世界食品品質評鑑大賞)	International Institute for Quality Selections (國際品質評鑑組織)
2012. . . .	Voted for my Beloved Brand: Nissin (我最 喜愛品牌：日清)	PARKnSHOP Supermarket (百佳超級市場)
2011. . . .	出類拔萃獎(糧油食品)：合味道 (Outstanding Category Performance Award – Staple – Cup Noodles)	Wellcome Supermarket (惠康超級市場)
2011. . . .	Yahoo! Emotive Brand Awards (感情品牌 大獎) 2010 – 2011 (Food Item)	Yahoo Hong Kong (雅虎香港)
2010. . . .	傑出創新企業獎 (Outstanding Creative Enterprise Award)	成都新食品文化傳媒 (Chengdu New Food Culture Press)
2010. . . .	The Best for Home Awards (Take me Home) (香港家庭最愛品牌大獎：香港家庭 最愛即食食品類)	Hong Kong Economic Times (香港經濟日報)
2010. . . .	The Best of the Best Awards – Best Branding Campaign (Gold) (港鐵最佳港鐵廣告大獎(金獎))	JCDecaux (德高貝登)

INFORMATION SYSTEM

We believe that well-implemented information systems are critical in improving our efficiency in administering and operating our business. We have made continuous investment to maintain comprehensive information systems which integrate the internal and external management information across various aspects of our business operations. We have maintained a comprehensive ERP system. It has enabled us to manage our procurement, sales, quality control, inventory and logistics, financial reporting, human resources and distributor management, which in turn, allowed us to manage and optimise our business process and to improve our operation performance.

In future, we will continue to enhance our information systems that enable us to obtain and process information and data on an expedited basis, support our decision-making, increase our production efficiency, all of which will in turn help us to improve our cooperation with our customers and suppliers and increase our revenue and profitability.

INTELLECTUAL PROPERTIES

Our intellectual properties are crucial to us as we rely on consumers' recognition of our brands and products.

BUSINESS

We own various intellectual properties in Hong Kong, the PRC, Macau, Taiwan and other overseas countries, amongst which, as at the Latest Practicable Date, we had 15 and 18 material registered trademarks in Hong Kong and the PRC, respectively. Pursuant to the Technology and Trademark Licencing Agreement, Nissin Japan has granted us a non-exclusive license to use certain technology and trademarks, including “NISSIN (日清)” (NISSIN), “Demae Iccho (出前一丁)” (出前一丁) and “Cup Noodles (合味道)” (合味道), in Hong Kong, Macau, the PRC and Taiwan. For further details, please refer to the sections headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 5. Technology and Trademark Licencing Agreement”, “– 6. Snacks Outsourcing Agreement” and “Statutory and General Information – B. Further information about the business of our Group – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

We also undertake a pro-active approach to manage our intellectual property portfolio. Our legal and marketing teams perform regular monitoring of our intellectual property rights. We take action when we are aware of a potential infringement of our trademarks. For instance, we perform routine checkings on the public trademark registration platform in Hong Kong and the PRC to ensure our trademarks are not infringed by others. During the Track Record Period, we discovered incidents of possible infringements and had issued warning letters to the relevant parties. During the Track Record Period and up to the Latest Practicable Date, we did not experience any infringement of our intellectual property rights having a material adverse effect on our business.

EMPLOYEES

As at 30 June 2017, we had 3,299 employees, including both our employees directly hired by us and employees hired through several employment agencies (“**contracted employees**”), which are Independent Third Parties. The table below sets out a breakdown of our employees by function and by region as at 30 June 2017:

	Number of employees in Hong Kong and Macau	Number of employees in PRC	Number of contracted employees in PRC	Total number of employees
Sales and marketing	99	889	150	1,138
Research and development.	25	17	–	42
Production	516	911	50	1,477
Procurement	11	28	–	39
Quality control	16	84	–	100
Finance and costing	28	43	–	71
Human resources and administration	22	94	–	116
Others ⁽¹⁾	122	194	–	316
Total:	839	2,260	200	3,299

Note:

(1) Others primarily include our employees in logistic team, information technology team and legal team.

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As advised by our PRC Legal Advisers, the Independent Third Party employment agencies we engage hold the relevant permits, and the agreements we entered into with them are effective and binding. The employment agencies are responsible for entering into labour contracts with and making contribution to the social insurance and housing provident fund for our contracted employees. During the Track Record Period and as at the Latest Practicable Date, we had not noticed or been held jointly liable for any employment agency's failure to comply with applicable PRC labour laws. Our PRC Legal Advisers have also confirmed that we have already registered social insurance for our employees and have made the relevant contributions in accordance with the relevant laws and regulations in the PRC, save for Guangdong Nissin which we made contributions for our employees using salary basis lower than the regulatory standard as requested by most of our employees. During the Track Record Period, the total accumulative amount of underpayment in social insurance contribution of Guangdong Nissin was approximately RMB4.1 million. Our Directors were of the view that such amount was immaterial and hence, no provision was made for such underpayment. As advised by our PRC Legal Advisers, for the underpayment of social insurance contribution, the relevant government authority may require Guangdong Nissin to make up the underpayment contribution within a given period with an additional late payment fee at a daily rate of 0.05% of the outstanding contribution from the due date to the actual payment of such underpayment and, if Guangdong Nissin fails to do so, may impose a fine on Guangdong Nissin ranging from one to three times of the total amount of the underpayment contribution. Having said so during the Track Record Period, no orders, fines or penalties were imposed on Guangdong Nissin. As further advised by our PRC Legal Advisers, implementation of the relevant PRC laws and regulations among local governmental authorities may vary in different cities in the PRC. Based on the interview between the Bureau of Social Insurance Fund Management of Shunde District of Foshan City (佛山市順德區社會保險基金管理局), the competent government authority in Shunde for the local social welfare scheme and our PRC Legal Advisers, the local authority confirmed that it would usually not impose penalties on companies for such underpayment unless there is a complaint from employees. Employees of Guangdong Nissin who are migrant workers with short-term employment and high turnover rate are typically not willing to participate in the social insurance schemes of the city to which they migrant temporarily, and generally prefer a cash payment in lieu for their payments of social insurance contribution based on actual salary basis. As a result thereof, Guangdong Nissin, as per the request of most of its employees, decided to make contributions of social insurance for its employees using salary basis lower than the regulatory standard. Further in this connection, Guangdong Nissin received confirmation letter dated 17 February 2017 from the Bureau of Social Insurance Fund Management of Shunde District of Foshan City (佛山市順德區社會保險基金管理局), which confirms that, during the Track Record Period, Guangdong Nissin has contributed social insurance and there is no unpaid record. Going forward, the Company will closely monitor the local practice and further improve the compliance of our social insurance contribution for our employees.

During the Track Record Period, apart from employees from local markets where we operate, in order to leverage the experience and expertise of the Nissin Japan Group for the sake of our business development, we also employed certain individuals (including certain senior management of the Company) who were transferred from the Nissin Japan Group. These individuals were originally employed by the Nissin Japan Group and were subsequently transferred to our Group, at which point of time they entered into separate employment contracts with us. Although we had not encountered any impediment in recruiting local officers and staff, such arrangement could enable us to find suitable talent who are equipped with solid experience and extensive industry knowledge in a cost efficient manner. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, wages of the Transferred Employees which were borne by Nissin Japan

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amounted to approximately HK\$33.9 million, HK\$33.7 million, HK\$36.0 million and HK\$17.7 million, respectively. Our Group will commence paying all the wages of all the Transferred Employees in respect of their position in our Group upon Listing other than the nominal wages required to maintain the Japan statutory social insurance for the Transferred Employees which will be borne by Nissin Japan Group. As such, we expect an increase in our staff costs and administrative expenses after Listing. For details, please also refer to the section headed “Relationship with Controlling Shareholder – Independence of our Group from Nissin Japan Group – Management independence – Our Directors and senior management – Transferred Employees” in this prospectus.

We take into account factors such as our business strategies, our development plans, industry trends and the competitive environment when we make hiring decisions. We recruit our employees based on a number of factors such as their work experience, educational background and vacancy needs. All of our employees are paid a fixed salary and may be granted other allowances and commissions based on their position and performance. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our total staff costs (excluding directors’ remuneration) were HK\$380.3 million, HK\$421.3 million, HK\$444.9 million and HK\$235.0 million, respectively. We also adopted the Share Award Scheme on 7 March 2016, for our employees, including our Directors and senior management. Please refer to the section headed “Statutory and General Information – D. Share Award Scheme” in Appendix IV to this prospectus.

We provide continuing education and training programs to our employees to improve their skills and develop their potential. Our training programs cover various aspects, such as management, accounting, hygiene awareness, production safety, food safety and quality control. We believe that our working environment and the support and benefits provided to our employees have contributed to maintaining good working relationships with our employees. During the Track Record Period and as at the Latest Practicable Date, we did not experience any strikes or labour disputes with our employees which had a material effect on our business.

PROPERTIES

Properties held by our Group for owner occupation in Hong Kong

We currently have four operational production plants in Hong Kong, of which our Nissin Plant and Wing On Plant are for the manufacture of our instant noodles and our Wintai Plant is for the manufacture of our frozen food products. Our Winner Plant is mainly used for our work in progress, such as packaging materials, and office.

We hold our properties in Hong Kong under various long lease agreements entered into with the Hong Kong Science and Technology Parks Corporation (formerly known as The Hong Kong Industrial Estates Corporation), all of which will be expired on 27 June 2047. As at the Latest Practicable Date, no defects to the leasehold title were identified in relation to these properties in Hong Kong.

Properties held by our Group for ownership occupation in the PRC

We currently have five operational production plants in the PRC, of which our Xiamen Production Plant, Zhuhai Production Plant, Shunde Production Plant and Pinghu Production Plant are primarily for the manufacture of our instant noodles and our Dongguan Production Plant is for the production of our packaging materials. We also hold a few properties in Shanghai primarily used for our liaising points.

Our Songjiang Production Plant

In order to meet the increasing demand to further facilitate our business expansion in the PRC and also considering the average years of usage of the existing production machinery and equipment and the increasing labour costs at our Songjiang Production Plant, we decided to close down our Songjiang Production Plant and construct a new production plant in Pinghu. We completed the construction of our Pinghu Production Plant in 2017 and commenced the pilot production in May 2017. We had gradually ceased operation and eventually closed down our Songjiang Production Plant with a total gross floor area of approximately 19,362.03 sq.m. in October 2016. During the Track Record Period, the relevant government authority had not yet issued the building ownership certificate (房地產證) for a spare production premise (生產備用房) with a gross floor area of approximately 3,524 sq.m., although we applied for such certificate after completing the filings for the fire-proof facilities design for construction project (建設工程消防設計備案) and the fire-proof facilities inspection and acceptance for construction project (建設工程竣工驗收消防備案) in April 2011, and the construction completion planning acceptance certificate (建設工程竣工規劃驗收合格證) in December 2012. We previously used this spare production premise (生產備用房) as our warehouse (the “Warehouse”).

As confirmed by our PRC Legal Advisers, the reason that the relevant government authority had not issued the building ownership certificate (房地產證) for the Warehouse is that, in 2005, the right to use a small portion of our land with a land area of approximately 600 sq.m. (part of the land where our Warehouse is built on) was expropriated for the construction of the adjacent Shenyang-Haikou Express Highway. As a result, the borderline of our land was changed. As the responsible party for the construction of the adjacent Shenyang-Haikou Express Highway had not yet completed its planning procedures in respect of the expropriated land with the Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局), the relevant government authority was therefore not able to issue the building ownership certificate for our Warehouse.

Pursuant to the interview with the Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局) and the Shanghai Songjiang Construction and Communication Committee (上海松江區建設和交通委員會) on 7 March 2016, Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局) has confirmed that we were unable to obtain the building ownership certificate for our Warehouse primarily due to the incomplete planning procedures by the responsible party for the construction of the adjacent Shenyang-Haikou Express Highway. The Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局) and the Shanghai Songjiang Construction and Communication Committee (上海松江區建設和交通委員會) have further confirmed that (i) we have the right to use our Warehouse as we have obtained the construction permit (工程規劃許可證) and the construction completion planning acceptance certificate (建設工程竣工規劃驗收合格證); (ii) we did not violate any laws and regulations during the construction of our Warehouse; and (iii) they will not impose any fines on us for not obtaining the building ownership certificate of our Warehouse.

Our PRC Legal Advisers have confirmed that the Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局) and the Shanghai Songjiang Construction and Communication Committee (上海松江區建設和交通委員會) are the competent government authorities to respectively administer the planning and construction of our land. Further, based on the above interview, our PRC Legal Advisers have further confirmed that (i) we had the right to

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occupy and use our Warehouse without the building ownership certificate though we were not allowed to sell or transfer our Warehouse until we obtain the building ownership certificate; and (ii) once the responsible party for the construction of the adjacent Shenyang – Haikou Express Highway completes its planning procedure in respect of the expropriated land, there is no legal obstacle for us to obtain the building ownership certificate of our Warehouse in the future.

Leased properties

As at the Latest Practicable Date, we entered into 19 tenancy agreements in Hong Kong as our employees residence. We also leased 72 properties in the PRC from the Independent Third Parties as at the Latest Practicable Date, under which we leased 11 properties as our employees' dormitories, 56 properties as our liaising points and five properties as our offices.

As at the Latest Practicable Date, 55 of the lease agreements with respect to our leased properties were not registered with the relevant PRC governmental authorities. As advised by our PRC Legal Advisers, the relevant PRC governmental authorities may require us to apply for such registrations within a stipulated time. If we fail to do so, we may be liable to a fine of up to RMB10,000 per incident. Our PRC Legal Advisers have, however, confirmed that failure to complete such registration will not affect the validity or enforceability of the relevant lease agreements or result in us being required to vacate the leased properties.

As confirmed by our PRC Legal Advisers, registration of the lease agreements requires cooperation of the lessors, including their provision of various original documents to the local governmental authorities. While we have limited control over these lessors to cooperate with us for the lease registration, we have taken a number of initiatives. We have established a dedicated team that proactively communicates with the lessors in order to obtain their cooperation and collect the required application documents for the lease registration. We were also advised by our PRC Legal Advisers that, if the lease registration can be completed in accordance with relevant laws and regulations (i) before we receive any notice from the governmental authorities requiring us to apply for lease registration, or (ii) in the event that we receive such notice in the future requiring us to apply for registration within the prescribed time limit ordered by the competent government authorities (such time limit is not explicitly provided by PRC laws), the probability of the competent government authorities imposing a penalty on us is remote, on the basis that (i) no penalty had been imposed on us for our failure to register these lease agreements during the Track Record Period and up to the Latest Practicable Date; (ii) according to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), the competent government authorities have the discretion to order us to register these lease agreements within a prescribed time limit, or impose a fine up to RMB10,000 per incident if we fail to comply with such requirement; and (iii) our Directors believe that such lease registration can be completed in cooperation with the lessors within a reasonable period of time after the relevant application documents are submitted. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice or order from the competent government authorities requiring us to rectify our failure to complete the lease registrations within a prescribed time limit. We are in the process of completing our leasing registration process. Although we have completed a few lease registrations, as most of landlords are individual landlords living in various cities in the PRC, we are in the process of making individual appointment with them to apply for the lease registration. We will continue to complete our lease registration when feasible. For any future leases, we will select and enter into lease agreements as commercially practicable with those landlords who are willing to cooperate with us in conducting the relevant lease registrations.

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Properties under construction

We are currently in the course of upgrading and expanding our Nissin Plant in Hong Kong to be mainly used for the production of our bag-type instant noodle products and for warehouse purpose. We completed the first phase of such expansion in the end of 2016 and expect to complete the rest of the expansion by the end of 2018. For more details of our expansion plan, please refer to the section headed “Business – Production – Our expansion plan” in this prospectus.

ENVIRONMENTAL PROTECTION

We recognise the importance of environmental protection and therefore have controlled our pollutant emissions and ensured compliance with the Hong Kong and the PRC environmental laws and regulations during the course of production. Our operations in Hong Kong are subject to Hong Kong environmental laws, rules and regulations which, among other things, require us to obtain water pollution control license. Our operations in the PRC are subject to national, provincial and local environmental laws, rules and regulations which, among other things, require manufacturers to conduct an environmental impact assessment before engaging in new construction projects, pay fees in connection with activities that discharge waste materials, properly manage and dispose of hazardous substances, and impose fines and other penalties on activities that threaten the environment. For further information on the environmental laws, rules and regulations governing our operations, please refer to the sections headed “Laws and Regulations – Hong Kong – Environmental Protection Regulations” and “– PRC – Laws and regulations relating to environmental protection and work safety” in this prospectus.

The primary wastes generated from our production process are waste water and food residue, which are treated in compliance with all applicable environmental laws, regulations and rules. For instance, our production plants are carefully zoned, established with the consideration of food pollution prevention. In addition, we conduct annual inspection of our production plants to ensure the compliance of relevant laws and regulations on environmental protection. We have been granted the certifications of ISO 14001 for all of our existing operational production plants in Hong Kong and the PRC except for our Pinghu Production Plant and our Dongguan Production Plant for packaging materials. ISO 14001 is a standard and guideline that sets out the criteria for an environmental management system and maps out a framework that a company can follow to set up an effective environmental management system. Such certifications specify the requirements for environmental management system to enable an organisation to develop and implement policies and objectives, taking into account the legal and other requirements to which the organisation subscribes, and information about significant environmental aspects.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to fines or legal actions resulting from non-compliance with any relevant environmental regulations in Hong Kong and the PRC and there was no threatened or pending action by any Hong Kong and PRC environmental regulatory authority.

SAFETY AND LABOUR PROTECTION

We are subject to the relevant Hong Kong and PRC laws and regulations regarding labour health and safety. For further details, please refer to the sections headed “Laws and Regulations – Hong Kong – “Employment and labour regulations” and “– Work safety regulations” and “– PRC – Laws and regulations relating to environmental protection and work safety” in this prospectus.

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We have implemented safety measures based on the relevant laws and regulations in Hong Kong and the PRC. Furthermore, Winner Food has been accredited with OHSAS 18001: 2007 occupational health and safety management system standard, which is an international occupational health and safety management system specification intended to help an organizations to control occupational health and safety risks. This certification is granted by an independent accreditation body and is subject to annual independent audit.

In the event of an occurrence of an accident, we have a well implemented system to investigate, report to the management and take corrective actions effectively. Our employees are required to follow the relevant procedures.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material work-place accident.

INSURANCE

We consider our insurance coverage to be adequate. We have put in place the employee compensation insurance, which is the mandatory insurance policy required by the Hong Kong laws and regulations, and also the product liability insurance. In the PRC, we have also in place insurance coverage for our employees in accordance with the commercial practices in our industry. Our insurance coverage primary includes the property insurance, public liability insurance, product liability insurance, employee compensation insurance and marine cargo insurance. During the Track Record Period, we had not make, neither were we the subject of, any insurance claims which are of a material nature to the Group.

TRANSFER PRICING ARRANGEMENT

During the Track Record Period, we had certain intra-Group transactions, primarily including but not limited to, our PRC subsidiaries purchasing certain raw materials used for manufacturing our instant noodle products from the third-party suppliers and selling such raw materials to our Hong Kong subsidiaries, and vice versa, and our PRC subsidiaries manufacturing our instant noodle products and selling some of these instant noodle products to our Hong Kong subsidiaries for them to on-sell to the third-party customers, and vice versa. We have also entered into various transactions with the Nissin Japan Group in the ordinary course of our business, including procurement of certain raw materials from and/or sales of certain finished goods to the Nissin Japan Group. Please refer to the section headed “Laws and Regulations – Hong Kong – Transfer pricing regulations” and “Laws and Regulations – Law and regulations relating to taxation – Transfer pricing” for further information on the transfer pricing related laws and regulations in Hong Kong and the PRC.

We have adopted written policies and procedures to monitor our transfer pricing arrangement, which shall be conducted on an arm’s length basis. We review our transfer pricing policies periodically and have also engaged a PRC tax consultant to review our tax compliance matters and transfer pricing policies annually so as to evaluate specifically our compliance with the relevant tax regulations and transfer pricing guidelines and the potential tax implications on our Group during the Track Record Period. Pursuant to the relevant laws and regulations in the PRC and also confirmed by our PRC tax consultant, we only need to prepare and submit reports on intra-group/related party transactions to the relevant local tax bureaus if such transactions of our

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PRC subsidiaries exceed certain amount. As such, we had submitted relevant reports for two and three of our PRC subsidiaries for the years ended 31 December 2014 and 2015, respectively, while the review, evaluation and submission for three of our PRC subsidiaries for the year ended 31 December 2016 are expected to be conducted in compliance with the requirement of the relevant local tax bureaus. For Hong Kong, as confirmed by our Hong Kong tax consultant, there is no such mandatory requirement under the relevant laws and regulations in Hong Kong.

As at the Latest Practicable Date, our Directors were not aware of any inquiry, audit or investigation by any tax authority in the PRC or Hong Kong with respect to our intra-Group transactions. We believe that we have complied with the applicable laws and regulations in the PRC and Hong Kong in relation to the transfer pricing in all material aspects during the Track Record Period.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We are subject to laws, regulations and supervision of the regulatory authorities in Hong Kong and the PRC and are required to maintain certain licences, permits and approvals in order to operate our production plants and conduct our business in Hong Kong and the PRC. A summary of the relevant Hong Kong and PRC laws and regulations which our business operations are subject to is set out in the section headed “Laws and Regulations” in this prospectus. Our PRC Legal Advisers and Hong Kong legal advisers have confirmed that, save as disclosed in this prospectus, we have obtained all necessary licenses, permits and approvals for our business operations in Hong Kong and the PRC, and such licences, permits and approvals are valid and remain in effect as at the Latest Practicable Date.

Set out below are our material non-compliance incidents during the Track Record Period:

Dongguan Nissin

Our Dongguan Production Plant, which is our main production plant for making the packaging materials for our instant noodles, commenced production in the second half of 2015. We have not yet completed the filing for construction completion (建設工程竣工備案) for our production plant, primarily due to non-cooperation of a third-party construction contractor who refused to provide necessary documentation required for our filing. Based on our interview with the Construction Quality and Supervision Department of Dongguan Dalang Town (東莞市大朗鎮建設工程質量監督站), which is the local government authority for direct supervision of our construction quality in Dongguan Dalang Town according to our PRC Legal Advisers, on 15 March 2016, the Construction Quality and Supervision Department of Dongguan Dalang Town (東莞市大朗鎮建設工程質量監督站) has confirmed that (i) it noted that we were unable to complete the filing due to the non-cooperation of the third-party construction contractor; (ii) there is no material issue in respect of our construction of the production plant; and (iii) we will be able to complete the construction completion filing once we provide the required documentation which are currently held by the non-cooperation of the third-party construction contractor. We have filed a lawsuit against this third-party construction contractor requiring the third-party construction contractor to transfer to us the files relating to the construction of the production plant. The case is still under the trial at the Dongguan Municipality Second People’s Court and has not been closed. We will immediately apply for filing for construction completion upon the receipt of the required construction files after the closure of the case.

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As advised by our PRC Legal Advisers, we may be requested to suspend our production and be subject to a fine of up to 2.0% to 4.0% of the contract value of our construction contract, which is estimated to be approximately RMB750,000 to RMB1.5 million, if we cannot complete the filing for the construction of our production plant. Nevertheless, our PRC Legal Advisers have confirmed that, based on the verbal confirmation obtained in their interview with the Construction Quality and Supervision Department of Dongguan Dalang Town (東莞市大朗鎮建設工程質量監督站), the likelihood of the government authority requesting us to suspend the production or imposing a fine on us is remote. In the event that we are requested to suspend our production, we will resume our previous outsourcing arrangement for our packaging materials with our contract suppliers. Our Directors confirm that there will be no material and adverse effect on our business operation even if we are requested to suspend our production at our production plant and resume outsourcing arrangement.

Shanghai Nissin

We have not obtained (i) the construction works commencement permit (建設施工許可證) for a garbage storage room with an aggregate gross floor area of approximately 55 sq.m.; and (ii) the construction works planning permits (建設工程規劃許可證) and the construction works commencement permit (建設施工許可證) for a corridor connecting the canteen and the main building of our production plant with an aggregate gross floor area of approximately 195 sq.m. and another garbage storage room with an aggregate gross floor area of approximately 49 sq.m. As a result, we also have not obtained the building ownership certificates for these building structures intended to be used on a temporary basis. The non-compliance was mainly due to unintentional oversight and inadequate understanding of the applicable planning and construction regulatory requirements for a small area of auxiliary building structure of our local employees, who were responsible for the relevant application of permits. As advised by our PRC Legal Advisers, we may be requested by the relevant local government authority to demolish these building structures within a prescribed period of time and/or subject to a fine of up to RMB15,000 plus an amount representing 16.0% of the construction cost of these building structures, which is estimated to be no more than RMB50,000. Based on their interview with the Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局) and the Shanghai Songjiang Construction and Administration Committee (上海松江區建設和管理委員會) (formerly known as Shanghai Songjiang Construction and Communication Committee (上海松江區建設和交通委員會)), which are the competent local government authorities for planning and construction in Shanghai Songjiang District according to our PRC Legal Advisers, on 7 March 2016, they have confirmed that (i) they would not impose fine on the non-compliance in respect of the garbage storage room with an aggregate gross floor area of approximately 55 sq.m; (ii) they would not impose fines on the non-compliance in respect of the corridor with an aggregate gross floor area of approximately 195 sq.m and the other garbage storage room with an aggregate gross floor area of approximately 49 sq.m. if we can demolish them by 2016. We have already demolished the foregoing three non-compliant building structures. The Shanghai Songjiang District Planning and Land Authority (上海松江區規劃和土地管理局) issued a compliance certificate on 2 March 2017 certifying that during the period from 11 January 2014 to 2 March 2017, there is no punishment record of Shanghai Nissin's violation of the regulatory requirement relating to land and construction planning administration. The Shanghai Songjing District Construction Quality and Safety Supervision Center (上海市松江區建設工程質量安全監督站) issued a statement certifying that during the period from 1 January 2014 to 31 December 2016, there is no punishment record of Shanghai Nissin's violation of the regulatory requirement relating to construction administration. Based on the above, our PRC Legal Advisers confirmed that: (i) The Shanghai Songjiang District Construction Quality and Safety

Supervision Center (上海市松江區建設工程質量安全監督站) is the local government authority to administrate the planning and construction matters; and (ii) the probability of the government authority imposing a fine on us for these non-compliant building structures is remote. To enhance our internal control measures, we have consulted our PRC Legal Advisers regarding the relevant laws and regulations in respect of the permits and approvals applicable to our projects in construction, and the responsible administrative staff are also made aware of the relevant requirements. Going forward, we will provide update trainings to our administrative staff on regulatory laws and requirements from time to time. Our administrative staff will also be responsible to ensure that we obtain the sufficient permits and approvals for future construction work in a timely manner.

Zhuhai Winner

We constructed a temporary building structure with a total gross floor area of approximately 720 sq.m. for office use at our production plant in Zhuhai, Guangdong, the PRC. We had obtained the construction permits issued by the local land bureau for our temporary building structure from time to time. The last permit we obtained from the local land bureau had already expired on 20 April 2010. Given the temporary building structure permit may only be extended for a limited period of time and cannot be further extended after 2010, we did not apply for a renewed permit after 20 April 2010. As advised by our PRC Legal Advisers, we may be requested by the relevant local government authority to demolish our temporary building structure within a prescribed period of time and subject to a fine up to an amount equivalent to our construction cost of the temporary building structure, which is estimated to be approximately RMB0.5 million. As a local practice, the local government authority may have tolerance to temporary auxiliary building construction. During the Track Record Period, no order was imposed on Zhuhai Winner to demolish the temporary structure and no fines or penalties were imposed on Zhuhai Winner in respect of the said building structure.

We are in process of a new construction project with a total construction area of approximately 15,247 sq.m., which includes a storage room with a floor area of approximately 6,384 sq.m., a production workshop as well as office building with a floor area of approximately 8,842 sq.m., and a fire fighting control room with a floor area of approximately 21 sq.m. We have obtained all necessary planning and construction permits before commencing the construction work, including the construction works planning permits (建設工程規劃許可證) and the construction works commencement permit (建築工程施工許可證), and we have also completed the fire fighting design filing. We estimate to complete the construction by end of 2017, and we will demolish the temporary office building structure afterwards. Our Directors have confirmed that we have sufficient spaces in our production plant in Zhuhai that can be used as our offices, and our business operation will not be affected if we are requested to demolish our temporary building structure by the government authority immediately. To improve our internal control, we have consulted our PRC Legal Advisers regarding the applicable laws and regulations regarding the administration of temporary building structure. Our responsible team has also been notified with the compliance requirements. We believe that we will make better evaluation and planning of our future expansion strategies and avoid the use of temporary building structure in our future operation.

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As confirmed by our PRC Legal Advisers, other than disclosed above and the construction in progress, we have obtained all the necessary land and building ownership certificates for our properties in the PRC and have the rights to possess, lease, use, transfer the title of these properties.

Save as the non-compliance incidences disclosed above, our Directors are not aware of any historical and material non-compliance incidents of our Group during the Track Record Period and as at the Latest Practicable Date. Our Directors are of the view that the above non-compliance incidents have not had and will not have a material adverse effect on our business, results of operations and financial conditions.

Particulars of claims against our Company as at the Latest Practicable Date

Save as disclosed below a claim made against us, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance, nor, to the best of our Directors' knowledge, was any litigation, claim or arbitration of material importance pending or threatened against any member of our Group.

On 24 August 2017, a former sub-distributor (the "**Plaintiff**") of our "Demae Ichho (出前一丁)" (出前一丁) instant noodles product (the "**Products**") issued a writ of summons against our Company (the "**Writ**") in respect of an alleged wrongful termination of distributorship, and demanded us to pay a compensation of a sum of approximately HK\$43.8 million (including the sum of (i) HK\$34.17 million for the damages in lieu of a three years' notice period for terminating the contractual relationship based on the average net profit of the Plaintiff in the sum of HK\$11.39 million for the past five years; (ii) HK\$7.95 million for the damages in lieu of a three years' interest as the Plaintiff's extension of trade finance to us; and (iii) HK\$1.64 million for damages for the storage charges incurred by the Plaintiff) plus related legal costs (the "**Legal Proceedings**"). Circumstances relating to the Legal Proceedings are set out below.

1. Since the incorporation of our Company in 1984, we have been selling and supplying the Products through a chain of distribution network involving its sales to certain distributors (i.e. the first-tier distributors) who then on-sell and supply the Products to sub-distributors (i.e. the second-tier distributors), retailers and other customers. We did not enter into any distribution agreement or sales contract with the Plaintiff in respect of the Products, which was only a second-tier distributor placing purchase orders for the Products with one of our major first-tier distributors by way of individual contracts from time to time. The Products have been distributed from us to the Plaintiff through the said first-tier distributor which was and still is the only party maintaining a master distribution agreement with us. The said first-tier distributor then on-sells/on-sold the Products to the Plaintiff amongst many others. In line with the practice we adopted for other sub-distributors as disclosed in the section headed "Business – Sales and marketing – Our customers – Incentives and promotional expenses for sub-distributors" in this prospectus, during the Track Record Period, we provided incentives to the Plaintiff generally in accordance with the memoranda entered into between us and, through the liaison with the first-tier distributor, the Plaintiff (being the sub-distributor engaged by the first-tier distributor).
2. The Plaintiff had been suspended from distribution of the Products with effect from April 2017.

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3. On 26 April 2017, we received a demand letter from the Plaintiff, alleging that there had been a direct contractual relationship between the Plaintiff and our Company and that our Company had acted in breach of agreement with the Plaintiff for termination of its distributorship of the Products. The Plaintiff demanded a compensation in the sum of approximately HK\$34.0 million plus damages, storage and legal costs. We had been advised by our Legal Counsel that (i) given we had no contractual relationship with the Plaintiff in respect of the purchase and sales of the Products while the orders placed by the Plaintiff with the said first-tier distributor were made on individual sales basis, it is difficult to see an agreement being implied between the said first-tier distributor and the Plaintiff which could not be terminated unless with reasonable notice, much less that such an agreement would have existed between the Plaintiff and us; and (ii) the possibility of us being found liable for the claims is remote (the “**First Legal Opinion**”). Based upon the First Legal Opinion, we replied to the Plaintiff on 10 May 2017 denying all the allegations stipulated in the said demand letter.
4. Subsequently, by a further letter dated 4 August 2017 from its solicitors enclosing a draft statement of claim, the Plaintiff reiterated similar demands and threatened to issue legal proceedings if no satisfactory compensation proposal was made to the Plaintiff by 18 August 2017. In our reply dated 18 August 2017, we denied all allegations of the Plaintiff and indicated that the Plaintiff’s claim would be strenuously contested.
5. On 24 August 2017, the Plaintiff issued the Writ containing the same statement of claim enclosed to the letter dated 4 August 2017 in the High Court of Hong Kong SAR.
6. On 27 September 2017, we filed and served the Defence traversing the allegations of the Plaintiff and denying that the Plaintiff would be entitled to any relief at all.

Having further considered the evidence and the background facts in relation to the Legal Proceedings, the Legal Counsel maintained the same view under the First Legal Opinion that the possibility of us being found liable in the Legal Proceedings is remote. This is on the basis that (a) if any contractual relationship was ever found to have existed between the Plaintiff and us, the same would not give rise to any contractual obligation on the part of our Company to continue dealing with the Plaintiff such that reasonable notice must be given by our Company to terminate the same; (b) despite the existence of memoranda which on their face state that the parties to those memoranda were our Company and the Plaintiff, it cannot in any event give rise to any contractual obligation as described in (a) above; and (c) there remains strong evidence that it was the major first-tier distributor which sold the Products to the Plaintiff and therefore the major first-tier distributor was the counterparty to the Plaintiff in the contracts of sale and purchase of the Products, given that (i) the Plaintiff makes direct payment to the major first-tier distributor but not us; (ii) the existence of separate contract of sale between the major first-tier distributor and the Plaintiff and between us and the major first-tier distributor for the same order of the Products sold to the Plaintiff at different prices; and (iii) no minimum purchase commitment is imposed on sub-distributors. Thus, the conclusion that the possibility of us being found liable in the Legal Proceedings is remote remains unchanged.

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Based on the advice from the Legal Counsel that the likelihood of us being found liable for the Plaintiff's claim is remote, our Directors consider that the Plaintiff's claim is invalid with no prospect of success and accordingly no provision for the claim in respect of the Legal Proceedings should be made by our Group.

In addition, none of our Directors is involved in the Legal Proceedings and/or any other claims, litigation or arbitration as at the Latest Practicable Date and our Directors are of the view that the Legal Proceedings would not have any material adverse impact on our Group.

CORPORATE GOVERNANCE

We recognise the importance of good corporate governance in management and internal control procedures. We have taken, or will take, the following steps to enhance our general corporate governance practice:

- (a) each of our Directors and senior management had attended a training session held by our Hong Kong legal advisers on the responsibilities and duties of Directors;
- (b) we have appointed one independent non-executive Director who has experience in finance, accounting and management. Our independent non-executive Directors will exercise their independent judgment to provide impartial opinion to protect the interests of our Shareholders;
- (c) we have engaged a reputable independent consulting firm as our internal control consultant to review our internal control system so as to detect any deficiency and provide advice and recommendations accordingly;
- (d) we have appointed Mizuho Securities Asia Limited as our compliance adviser in accordance with the applicable laws and the Listing Rules to advise our Group on various compliance matters;
- (e) we have established an audit committee to oversee the audit process and our internal control system. The audit committee will provide an independent view of the financial reporting process to ensure our compliance with regulatory requirements; and
- (f) we have also established a Nomination Committee to review the structure, size and composition (including the skills, knowledge and experience) of our Board on regular basis and oversee the effectiveness of the policy we adopted to ensure the diversity of our Board members. Please refer to the section headed "Directors, Senior Management and Employees – Corporate Governance – Board Diversity" in this prospectus for further details on our policy governing Board diversity.

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INTERNAL CONTROL

We have, as is commonly the case, in preparation for the Listing, engaged an independent consulting firm to carry out an internal control review according to the agreed scope, which covers (i) corporate level control, (ii) financial reporting and disclosure controls, and (iii) revenue management, procurement management, production management, inventory management, fixed asset management, food safety and compliance management, cash management and treasury, human resources and payroll management, insurance management, taxation management, intellectual property and IT general computer controls. This internal control review does not constitute either an audit or review in accordance with the International Standards of Auditing or any other auditing standards and, consequently, no such assurance has been or will be expressed on our internal controls. The internal control review has been carried out in accordance with the agreed scope as stated above.

The independent consulting firm's key findings and recommendations for improvement on internal controls over the abovementioned processes and procedures are related to (i) the formalisation of certain policies and procedures for the above mentioned processes and procedures; (ii) the strengthening of the documentation of monitoring controls performed such as reviews and approvals; and (iii) the strengthening of our IT controls. The same independent consulting firm also issued a final report and there is no statement on finding of material weakness or material insufficiency in that report.

RISK MANAGEMENT

The ultimate goal of our risk management process is to bring focus and effort to the issues in our business operations that create impediments to our success. We have implemented various policies and procedures to ensure effective risk management. Our Directors are responsible for overseeing the overall risk management, assessing and updating our risk management policies and procedures regularly.

For the purpose of effectively managing the risk faced by us, we have adopted a risk management policy, which includes the following steps:

<u>Steps</u>	<u>Our measures</u>
Identification	We pay close attention to any institution, revision, repeal, or other change in laws that apply to us. We also pay close attention to changes in the societal environment. We have also defined in our internal policy various types of risks we shall identify, including product safety and quality risks, product liability risks and compliance risks
Assessment.	In such case as a risk or a situation in breach of law should occur, we shall act in a responsible manner and take appropriate steps to prevent any further recurrence by establishing an integrated risk task force to oversee various risks in an integrated manner so as to uncover and prevent risks, and to respond quickly and appropriately in such case as any of the risks should occur in order to minimise damage, prevent any further recurrence and preserve our corporate value

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Steps	Our measures
Mitigation.	The integrated risk task force established shall consist of the representative director of the subsidiary of the Group and persons selected by the representative director, and it shall deal with the risk identified and establish measures to prevent any further recurrence
Evaluation	We will consider whether measures against risks are being taken appropriately and institute, revise or repeal such regulations, standards and manuals as may be necessary to deal with the risks identified

COMPETITION

Although the Hong Kong and PRC instant noodle markets are expected to maintain a moderate growth in terms of retail sales value from 2016 to 2021 according to Frost & Sullivan, these two markets are competitive and led by a few major players with the rest of the markets fragmented. The entry barriers of the Hong Kong and PRC instant noodle markets are considered high by our Directors as brand awareness, substantial capital investment, established sales and distribution network and capacities in technology innovation are essential to be successful in these markets and it is difficult for new entrants to succeed in these aspects in a short period of time.

Competition among instant noodle manufactures in Hong Kong and the PRC is primarily based on capacities in product innovation and diversification, brand recognition and development of premium instant noodle products. In the Hong Kong instant noodle market, we are currently the largest instant noodle company in Hong Kong. In the PRC instant noodle market, we primarily face competition from both well-established foreign and domestic instant noodle companies. For more details, please refer to the sections headed “Risk Factors – Risks relating to the food industry – The PRC instant noodle market in which we operate faces increasing competition from both domestic and foreign companies, which may affect our market share and results of operation” and “Industry Overview” in this prospectus.

We are aware that some of our competitors may have established their business in the PRC longer than us and have greater financial, marketing, operational, and other resources and capabilities than we do. However, according to Frost & Sullivan, we mainly have several key advantages compared to our competitors in the instant noodle markets in Hong Kong and the PRC, including (i) we are a renowned market player with diversified brand and product portfolio; (ii) strong research and development capacities and deep industry know-how; (iii) stringent quality control; and (iv) experienced and high caliber management team. We believe that these key advantages distinguish us from our competitors.

CONNECTED TRANSACTIONS

Immediately following the completion of the Global Offering (assuming no exercise of the Over-Allotment Option), Nissin Japan will hold approximately 73.89% of the total issued Shares of our Company. Accordingly, Nissin Japan is our Controlling Shareholder and it will be a connected person of our Company under the Listing Rules upon our Listing. During the Track Record Period, our Group has entered into a number of transactions with the Nissin Japan Group and its associates in the ordinary and usual course of our business and we expect that some of these transactions will continue after our Listing. As Nissin Japan will be a connected person of our Company upon our Listing, the transactions between our Group and the Nissin Japan Group and/or its associates will constitute continuing connected transactions of our Company under the Listing Rules.

We set out below a summary of the continuing connected transactions we have entered into with the Nissin Japan Group and/or its associates:

Transaction	Connected person	Nature of Relationship	Historical figures (HK\$ millions)				Annual Caps (HK\$ millions)			
			Year ended 31 December			Six months ended 30 June	Year ending 31 December			
			2014	2015	2016	2017	2017	2018	2019	
I. Fully Exempt Continuing Connected Transactions										
1	Work Stations Sharing Agreement	Nissin Japan	Our Controlling Shareholder	0.06	0.02	0.02	0.01	0.03	0.03	0.03
2	Service Sharing Agreement	Nissin Japan	Our Controlling Shareholder	0.1	0.2	0.2	0.1	0.3	0.3	0.3
3	Information Technology Sourcing Master Agreement	Nissin Japan	Our Controlling Shareholder	N/A	N/A	N/A	0.2	1.1	1.1	1.1
4	Marketing Services and Trademark Licencing Agreement	KOIKE-YA	Associate of our Controlling Shareholder	N/A	N/A	N/A	N/A	0.6	1.0	1.2
II. Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirement										
5	Technology and Trademark Licencing Agreement	Nissin Japan	Our Controlling Shareholder	18.5	17.8	13.7	6.2	28.3	34.3	39.8

CONNECTED TRANSACTIONS

Transaction	Connected person	Nature of Relationship	Historical figures (HK\$ millions)				Annual Caps (HK\$ millions)			
			Year ended 31 December			Six months ended 30 June	Year ending 31 December			
			2014	2015	2016	2017	2017	2018	2019	
6	Snacks Outsourcing Agreement	Taiwan Koikeya	Associate of our Controlling Shareholder	4.1	7.8	7.9	2.4	8.7	9.6	10.5
7	Snacks Supply Agreement	Nissin Koikeya Foods	Our non-wholly owned subsidiary owned as to 34.0% by Koike-Ya, which is in turn owned as to approximately 34.53% by our Controlling Shareholder	N/A	N/A	N/A	N/A	6.3	12.4	14.6
8	Snacks and Confectionery Purchase Agreement	Nissin Koikeya Foods	Our non-wholly owned subsidiary owned as to 34.0% by KOIKE-YA, which is in turn owned as to approximately 34.53% by our Controlling Shareholder	7.1	15.8	20.7	7.9	29.4	36.3	42.8

CONNECTED TRANSACTIONS

Transaction	Connected person	Nature of Relationship	Historical figures (HK\$ millions)				Annual Caps (HK\$ millions)			
			Year ended 31 December			Six months ended 30 June	Year ending 31 December			
			2014	2015	2016	2017	2017	2018	2019	
9	Master Raw Materials and Products Procurement Agreement	Nissin Japan	Our Controlling Shareholder	43.9	35.0	68.2	40.5	121.4	122.0	127.9
10	Master Equipment and Parts Purchase Agreement	Nissin Japan	Our Controlling Shareholder	1.0	0.7	3.6	3.5	10.0	10.0	7.9
11	Master Raw Materials and Products Sale Agreement	Nissin Japan	Our Controlling Shareholder	8.1	7.5	12.4	9.8	33.3	52.1	67.8
12	Master Quality Control Support Service Agreement	Nissin Shanghai Food Safety Institute	Subsidiary of our Controlling Shareholder	2.2	4.8	5.0	2.1	12.6	15.1	18.2

I. FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon our Listing, for each of the following transactions, each of the applicable percentage ratios calculated based on the projections of the transaction amounts for the years ending 31 December 2017, 2018 and 2019 measured against the relevant benchmarks as at, or for the year ended 31 December 2016, is less than 0.1%. Accordingly, these transactions are qualified under Rule 14A.76(1) of the Listing Rules as continuing connected transactions exempt from reporting, announcement and independent Shareholders' approval requirement.

1. Work Stations Sharing Agreement

(a) Description of and reason for the transaction

During the Track Record Period, our Group has been sharing some work stations (the “**Work Stations**”) located at our office in the Tai Po Industrial Estate with Nissin Japan. The Work Stations are located in an area with a gross floor area of approximately 13.0 sq.m. and are used by Nissin Japan as work space for its International Packaging Development Division to collect global up-to-date information on packaging materials for the research and development by the Nissin Japan Group. In order to govern the sharing arrangement in respect of the Work Stations, Winner Food has entered into an agreement (the “**Work Stations Sharing Agreement**”) with Nissin Japan on 21 November 2017. The term of the Work Stations Sharing Agreement is three years commencing from 1 January 2017 which is renewable upon expiry subject to the applicable

CONNECTED TRANSACTIONS

requirements under the Listing Rules unless otherwise terminated by the parties. Our Directors believe that the arrangement under the Work Stations Sharing Agreement can better utilize our office spaces and we consider that the sharing arrangement would not affect our business or operation.

(b) Pricing

The amounts payable by Nissin Japan to Winner Food under the Work Stations Sharing Agreement is determined with reference to the carrying amount of the building where the Work Stations are situated and the size of the area where the Work Stations are located.

(c) Historical transaction amounts

The total amounts received by our Group from Nissin Japan for the use of the Work Stations were approximately HK\$0.06 million, HK\$0.02 million, HK\$0.02 million and HK\$0.01 million for the three years ended 31 December 2014, 2015, and 2016 and the six months ended 30 June 2017, respectively.

(d) Annual caps and basis of caps

We expect that the annual amounts to be received by Winner Food from Nissin Japan under the Work Stations Sharing Agreement for the three years ending 31 December 2017, 2018 and 2019 will not exceed HK\$0.03 million, HK\$0.03 million and HK\$0.03 million, respectively. The proposed caps were determined based on the historical transaction amounts, the expected rental fees and the size of the area where the Work Stations were located.

2. Service Sharing Agreement

(a) Description of and reason for the transaction

During the Track Record Period, Nissin Management has been providing certain management services including administration, human resources and IT services to Nissin Japan at the Work Stations. On 21 November 2017, Nissin Management has entered into a management service agreement (the “**Service Sharing Agreement**”) with Nissin Japan in order to govern the provision of management services by Nissin Management to Nissin Japan. The term of the Service Sharing Agreement is three years commencing from 1 January 2017 which is renewable upon expiry subject to the applicable requirements under the Listing Rules unless otherwise terminated by the parties. We consider that the provision of management services to Nissin Japan would be a better use of our human resources and will not have any material impact on our business or operation.

(b) Pricing

The management service fees payable by Nissin Japan to Nissin Management under the Service Sharing Agreement is determined with reference to the time cost incurred by the employees of Nissin Management in providing such services plus a fixed profit margin agreed at arm’s length basis.

(c) Historical transaction amounts

The total amounts received by Nissin Management from Nissin Japan for the management services provided at the Work Stations were approximately HK\$0.1 million, HK\$0.2 million, HK\$0.2 million and HK\$0.1 million for the years ended 31 December 2014, 2015, and 2016 and the six months ended 30 June 2017, respectively.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

We expect that the annual amounts to be received by Nissin Management from Nissin Japan under the Service Sharing Agreement for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$0.3 million, HK\$0.3 million and HK\$0.3 million, respectively. The proposed caps were determined based on the historical transaction amounts and the estimated cost in providing the management services.

3. Information Technology Sourcing Master Agreement

(a) Description of and reason for the transaction

On 21 November 2017, our Company has entered into an information technology sourcing master agreement (the “**Information Technology Sourcing Master Agreement**”) with Nissin Japan pursuant to which Nissin Japan has agreed to procure computer software for our Group. Such software is used in the ordinary course of business of our Group and could be purchased by our Group in the open market. Our Group chooses to procure such computer software through Nissin Japan due to lower purchase costs enjoyed by our Group through bulk purchase by Nissin Japan. The term of the Information Technology Sourcing Master Agreement is three years commencing from 1 January 2017 and is renewable upon expiry subject to the applicable requirements under the Listing Rules unless otherwise terminated by the parties.

(b) Pricing

The fees payable by our Group to Nissin Japan under the Information Technology Sourcing Master Agreement is determined with reference to the pro rata rate of the software procured by Nissin Japan and used by our Group plus a fixed profit margin agreed at arm’s length basis for the procurement service provided by Nissin Japan. Our Directors confirmed that the fees charged by Nissin Japan under the Information Technology Sourcing Master Agreement is lower than the fees charged by other Independent Third Parties providing similar services.

(c) Historical transaction amounts

The total amounts paid by our Group to Nissin Japan for the services provided under the Information Technology Sourcing Master Agreement was approximately HK\$0.2 million for the six months ended 30 June 2017. As we have only entered into the transactions under the Information Technology Sourcing Master Agreement in 2017 in contemplation of our business expansion, there is no historical transaction amount for this transaction for the three years ended 31 December 2016.

(d) Annual caps and basis of caps

It is anticipated that the annual fees payable by our Group to Nissin Japan under the Information Technology Sourcing Master Agreement will not exceed HK\$1.1 million, HK\$1.1 million and HK\$1.1 million for the three years ending 31 December 2017, 2018 and 2019, respectively. The annual caps are determined with reference to the expected demand for computer software of our Group.

CONNECTED TRANSACTIONS

4. Marketing Services and Trademark Licencing Agreement

(a) *Description of and reason for the transaction*

On 21 November 2017, our Company has entered into a marketing services and trademark licencing agreement (the “**Marketing Services and Trademark Licencing Agreement**”) with KOIKE-YA pursuant to which KOIKE-YA agreed to (i) provide marketing support and consultancy services to our Group in relation to the sales of potato chips products; and (ii) grant an exclusive licence to our Group to use certain trademarks under the “Koikeya (湖池屋)” (湖池屋) brand (the “**KOIKE-YA Trademarks**”) and certain technology in the production and sales of potato chips products in Hong Kong, Macau and the PRC. For details of the Koikeya Trademarks licenced to our Group by KOIKE-YA, please refer to the section headed “Statutory and General Information – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

KOIKE-YA is a company listed on the JASDAQ Market of the Tokyo Stock Exchange in Japan whose principal business is the manufacture and sales of snacks and confectionery. In December 2013, our Company has entered into a joint-venture agreement with KOIKE-YA, pursuant to which our Company and KOIKE-YA have agreed to operate Nissin Koikeya Foods as a joint venture to engage in the purchases and sales of snack and confectionery products bearing the joint brands of “NISSIN (日清)” and “Koikeya (湖池屋)” (湖池屋). As KOIKE-YA is held by Nissin Japan as to approximately 34.53%, KOIKE-YA will become an associate of Nissin Japan and a connected person of our Company under the Listing Rules upon Listing.

The term of the Marketing Services and Trademark Licencing Agreement is three years commencing from 1 January 2017 which is renewable upon expiry subject to the applicable requirements under the Listing Rules unless otherwise terminated by the parties. Our Directors are of the view that by acquiring marketing support and consultancy services from KOIKE-YA, who is also responsible for the sales and marketing of potato chips products under the “Koikeya (湖池屋)” (湖池屋) brand in Japan, our Group will be able to enjoy lower costs in the marketing of our potato chips products.

(b) *Pricing*

The fees payable by our Group to KOIKE-YA under the Marketing Services and Trademark Licencing Agreement is determined with reference to the net sales of potato chips products of our Group bearing or otherwise using the KOIKE-YA Trademarks and/or the licenced technology and the cost of providing the marketing support and consultancy services incurred by KOIKE-YA plus a profit margin agreed at arm’s length negotiation.

(c) *Historical transaction amounts*

We have only entered into the transactions under the Marketing Services and Trademark Licencing Agreement in 2017 in contemplation of the commencement of production of potato chips products by our Group in mid of 2017 and the expected expansion of the snacks business of our Group. Therefore, there is no historical transaction amount for this transaction. Prior to 2017, our Group outsourced the production of all of our potato chips products to Taiwan Koikeya. We commenced production of part of our potato chips products in the Shunde Production Plant from June 2017. For details, please refer to the paragraph headed “II. Continuing connected transactions exempt from independent Shareholders’ approval requirement – 7. Snacks Supply Agreement” in this section below.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

Based on the production capacity of the Shunde Production Plant and the expected demand of the potato chips products of our Group, it is anticipated that the annual amounts payable by our Group to KOIKE-YA under the Marketing Services and Trademark Licencing Agreement for each of the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$0.6 million, HK\$1.0 million and HK\$1.2 million respectively.

II. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Upon our Listing, for each of the following transactions, the highest applicable percentage ratios calculated based on the projections of the transaction amounts for the years ending 31 December 2017, 2018 and 2019 measured against the relevant benchmarks as at or for the year ended 31 December 2016, is equal to or exceed 0.1% and less than 5.0%. Accordingly, these transactions are qualified under Rule 14A.76(2) of the Listing Rules as continuing connected transactions exempt from independent Shareholders' approval requirement.

5. Technology and Trademark Licencing Agreement

(a) Description of and reason for the transaction

During the Track Record Period, our Group used certain technology and trademarks, which are owned by and licenced to us by the Nissin Japan Group. In anticipation of the Global Offering, Nissin Japan entered into the Technology and Trademark Licencing Agreement with our Company on 21 November 2017, pursuant to which Nissin Japan granted:

- (i) a non-exclusive licence to our Group to use certain technology and trademarks (the “**Nissin Trademarks and Technology**”) in our business in Hong Kong, Macau, the PRC, Taiwan (i.e. the HK Group Territory) and export of our products bearing and/or using the Nissin Trademarks and Technology; and
- (ii) a non-exclusive licence to our Group to use certain trademarks (the “**Nissin Koikeya Trademarks**”) in distribution of products bearing the Nissin Koikeya Trademarks in the HK Group Territory.

For details of the trademarks granted under the Technology and Trademark Licencing Agreement, please refer to the section headed “Statutory and General Information – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus. The technology licenced to us by Nissin Japan under the Technology and Trademark Licencing Agreement includes the technological knowledge and information in relation to the manufacture of instant noodle products, such as information on the construction of production plants, specifications of plant and machinery installation, specifications of raw materials, manufacturing processes and quality control processes. Our Group has applied such technology in the production of instant noodle products in our production plants.

The term of the Technology and Trademark Licencing Agreement is three years commencing from the Listing Date and shall be automatically renewable for further terms of three years upon expiry subject to the applicable requirements under the Listing Rules unless and until terminated upon the breach of any undertakings in any material respect by our Group or otherwise mutually terminated by the parties in writing at least 90 days in advance.

CONNECTED TRANSACTIONS

(b) Pricing

The royalty payable by us to Nissin Japan is 2.5% and 0.5% of the net sales of our products using the Nissin Trademarks and Technology that are manufactured in Hong Kong and the PRC, respectively. The royalty payable by our Group for the use of the Nissin Koikeya Trademarks is 0.5% of the net sales of the products of our Group using the Nissin Koikeya Trademarks. An independent valuer was retained to assess the licencing arrangement under the Technology and Trademark Licencing Agreement and to provide a range of values that it deemed to be reasonable royalty rates. The royalty rates stated above and payable by our Group under the Technology and Trademark Licencing Agreement are within or lower than the range provided by the independent valuer in its report. Our Directors, including our independent non-executive Directors, are of the view that such royalty rates are fair and reasonable or on terms even better than the terms indicated in the independent valuer's report. The royalty rates will be subject to review every three years after our Listing with reference to the prevailing market rates to be suggested by an independent valuer on the basis of normal commercial terms.

(c) Historical transaction amounts

The total amounts of royalty paid by our Group to Nissin Japan relating to the licence of the Nissin Trademarks and Technology and the Nissin Koikeya Trademarks were approximately HK\$18.5 million, HK\$17.8 million, HK\$13.7 million and HK\$6.2 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

(d) Annual caps and basis of caps

Under the terms of the Technology and Trademark Licencing Agreement, we expect that the annual royalty to be paid by us to Nissin Japan with respect to the licence of the Nissin Trademarks and Technology and the Nissin Koikeya Trademarks for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$28.3 million, HK\$34.3 million and HK\$39.8 million, respectively. The proposed caps were determined based on the historical royalty amounts paid by us to Nissin Japan, the expected expansion in the production capacity of our Group and the expected increase in the sales of products manufactured by our Group using the Nissin Trademark and Technology and the Nissin Koikeya Trademarks.

6. Snacks Outsourcing Agreement

(a) Description of and reason for the transaction

On 8 January 2014, Nissin Koikeya Foods and Taiwan Koikeya entered into the Snacks Outsourcing Agreement pursuant to which Nissin Koikeya Foods agreed to outsource the production of potato chips products to Taiwan Koikeya. The Snacks Outsourcing Agreement is for a term of three years from 8 January 2014 and is renewable upon expiry for further terms of one year subject to the applicable requirements under the Listing Rules, unless otherwise terminated by any party by no later than six months prior to expiry of a term of the agreement.

CONNECTED TRANSACTIONS

Taiwan Koikeya is a subsidiary of KOIKE-YA, which in turn is held by Nissin Japan as to approximately 34.53%. Therefore, Taiwan Koikeya will become an associate of Nissin Japan and a connected person of our Company under the Listing Rules upon Listing. As the potato chips products constitute a new product line of our Group which was launched only in 2014, we believe that we could make use of the existing reputation of the “Koikeya (湖池屋)” (湖池屋) brand by collaborating with KOIKE-YA to sell the potato chips products under the joint brands of “NISSIN (日清)” (NISSIN) and “Koikeya (湖池屋)” (湖池屋). Further, our Directors considered that outsourcing the production of the potato chips products to Taiwan Koikeya under the joint venture arrangement entered into between our Company and KOIKE-YA would ensure a stable supply of quality products and would be more cost efficient than to produce such products on our own in the initial stage of our Group’s snacks business. In 2017, based on the expected increase in the sales of our potato chips, our Directors have decided to start manufacturing part of our potato chips products on our own. Please refer to the paragraph headed “7. Snacks Supply Agreement” in this section for details of the arrangement. It is expected that the proportion of the potato chips products outsourced by our Group to Taiwan Koikeya for manufacturing would gradually decrease. In consideration of the subcontracting of the production the potato chips products to Taiwan Koikeya, KOIKE-YA has granted us the right to use the KOIKE-YA Trademarks in connection with the sales and distribution of such potato chips products by our Group. For details of the trademarks that are licenced to us by KOIKE-YA, please refer to the section headed “Statutory and General Information – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

(b) Pricing

Subcontract prices of the potato chips products payable by Nissin Koikeya Foods to Taiwan Koikeya are determined with reference to the total cost of the potato chips products plus a profit margin agreed at arm’s length negotiation taking into consideration of the value of the KOIKE-YA Trademarks that are affixed on the potato chips products.

(c) Historical transaction amounts

The total amounts paid by Nissin Koikeya Foods to Taiwan Koikeya for the subcontract of production of potato chips products for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately HK\$4.1 million, HK\$7.8 million, HK\$7.9 million and HK\$2.4 million, respectively.

(d) Annual caps and basis of caps

We expect that the annual amounts to be paid by Nissin Koikeya Foods to Taiwan Koikeya under the Snacks Outsourcing Agreement for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$8.7 million, HK\$9.6 million and HK\$10.5 million, respectively. The proposed caps were determined based on the expected demand for our potato chips products, the proposed expansion of the snacks business of our Group and our Group’s plan to self produce part of our potato chips products.

CONNECTED TRANSACTIONS

7. Snacks Supply Agreement

(a) Description of and reason for the transaction

While Nissin Koikeya Foods would continue to outsource the production of our potato chips products to Taiwan Koikeya under the Snacks Outsourcing Agreement as detailed in the paragraph headed “II. Continuing connected transactions exempt from independent Shareholders’ approval requirement – 6. Snacks Outsourcing Agreement” in this section, in view of the expected increase in the sales of the potato chips products of our Group and our accumulated expertise in the production of potato chips products, our Group has decided to redesignate one of the production lines at our Shunde Production Plant to manufacture part of our potato chips products starting from June 2017. On 21 November 2017, our Company has entered into a snacks supply agreement (the “**Snacks Supply Agreement**”) with Nissin Koikeya Foods, our connected subsidiary, pursuant to which we have agreed to supply potato chips products to Nissin Koikeya Foods for its onward sales. The term of the Snacks Supply Agreement is three years commencing from 1 January 2017 and is renewable upon expiry for further terms of three years subject to applicable requirements under the Listing Rules unless otherwise agreed by the parties. The Snacks Supply Agreement does not contain any provision which allows either our Company or Nissin Koikeya Foods to terminate the agreement during its term. Our Directors consider that it would be more cost-efficient in the long run to produce our potato chips products on our own and it would ensure a more stable supply of quality products.

Nissin Koikeya Foods, being a non-wholly owned subsidiary of our Company, is owned as to 34.0% by KOIKE-YA, which is in turn owned as to 34.53% by Nissin Japan. Thus, Nissin Koikeya Foods will become a connected subsidiary of our Company under the Listing Rules upon Listing and the transactions contemplated under the Snacks Supply Agreement will be intra-group connected transactions.

The potato chips products manufactured by our Group will be supplied to Nissin Koikeya Foods, which will further sell the products to Nissin Foods HK for its onward sales to our distributors. For details, please refer to the paragraph headed “II. Continuing connected transactions exempt from independent Shareholders’ approval requirement – 8. Snacks and Confectionery Purchase Agreement” in this section. The reason why the Group sells potato chips products to Nissin Foods HK through Nissin Koikeya Foods rather than to Nissin Foods HK directly is because potato chips products are marketed and sold under various trademarks owned by Nissin Koikeya Foods, which have been licensed to the Company for the Group’s use. It is the commercial decision made between the Company and KOIKE-YA after arms’ length negotiations that, potato chips products would be sold to Nissin Koikeya Foods in which KOIKE-YA has a minority stake and KOIKE-YA would be responsible for marketing and promotion of the potato chips products sold by Nissin Koikeya Foods.

(b) Pricing

Purchase prices of the potato chips products receivable by our Group from Nissin Koikeya Foods under the Snacks Supply Agreement are determined with reference to the total production cost of the potato chips products plus a profit margin agreed at arm’s length negotiation.

(c) Historical transaction amounts

We have only entered into the transactions under the Snacks Supply Agreement in 2017 in contemplation of the growing demand of its potato chips products and the expansion of the production lines at our Shunde Production Plant. Therefore, there is no historical transaction amount for this transaction.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

Based on the estimated production capacity of our Shunde Production Plant and the expected market demand for our potato chips products, it is expected that the annual amounts receivable by our Group from Nissin Koikeya Foods under the Snacks Supply Agreement for each of the three years ending 31 December 2017, 2018 and 2019 will not exceed HK\$6.3 million, HK\$12.4 million and HK\$14.6 million respectively.

8. Snacks and Confectionery Purchase Agreement

(a) Description of and the reason for the transaction

During the Track Record Period, Nissin Koikeya Foods has been supplying snacks (including potato chips) and confectionery on an exclusive basis to our Company and Nissin Foods HK for our onward sale in Hong Kong, Macau and the PRC. Nissin Foods HK has entered into an agreement (the “**Snacks and Confectionery Purchase Agreement**”) with Nissin Koikeya Foods on 21 November 2017 to govern the sales and purchase of snacks and confectionery. The term of the Snacks and Confectionery Purchase Agreement is three years from 1 January 2017 and is renewable upon expiry for further terms of three years subject to applicable requirements under the Listing Rules unless otherwise agreed by the parties. The Snacks and Confectionery Purchase Agreement does not contain any provision which allows either Nissin Foods HK or Nissin Koikeya Foods to terminate the agreement during its term. The transactions contemplated under the Snacks and Confectionery Purchase Agreement are intra-group connected transactions. Before the incorporation of Nissin Foods HK in August 2015, our Company has been performing the sales function within our Group and it has a long term and direct business relationship with our distributors in Hong Kong, Macau and the PRC. After the incorporation of Nissin Foods HK, it has taken up the sales function within our Group. Therefore, Nissin Koikeya Foods sells the products to, as the case may be, our Company or Nissin Foods HK during the Track Record Period.

(b) Pricing

The purchase price payable by Nissin Foods HK to Nissin Koikeya Foods under the Snacks and Confectionery Purchase Agreement shall be determined with reference to the trading costs of the relevant products plus a profit margin determined through arm’s length negotiation.

(c) Historical transaction amounts

The total amounts paid by our Group to Nissin Koikeya Foods for the purchase of snacks and confectionery were approximately HK\$7.1 million, HK\$15.8 million, HK\$20.7 million and HK\$7.9 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

(d) Annual caps and basis of caps

We expect that the annual amounts to be paid by Nissin Foods HK to Nissin Koikeya Foods under the Snacks and Confectionery Purchase Agreement for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$29.4 million, HK\$36.3 million and HK\$42.8 million, respectively. The proposed caps were determined based on the historical amounts, the expected demand for our snacks and confectionery products and the increase in the amount of potato chips products and confectionery products to be supplied by Nissin Koikeya Foods as a result of the anticipated expansion of the potato chips and confectionery business of our Group.

CONNECTED TRANSACTIONS

9. Master Raw Materials and Products Procurement Agreement

(a) Description of and reason for the transaction

During the Track Record Period, our Group purchased certain raw materials from and outsourced the production of certain finished goods to the Nissin Japan Group. In order to govern the arrangement of the sale and purchase of raw materials and outsourcing of finished goods, we have entered into an agreement (the “**Master Raw Materials and Products Procurement Agreement**”) with Nissin Japan on 21 November 2017. The term of the Master Raw Materials and Products Procurement Agreement is three years commencing from 1 January 2017 and is renewable upon expiry for further terms of three years subject to the applicable requirements under the Listing Rules unless otherwise agreed by the parties. The Master Raw Materials and Products Procurement Agreement does not contain any provision which allows either our Company or Nissin Japan to terminate the agreement during its term. The raw materials supplied under the Master Raw Materials and Products Procurement Agreement include seasoning, oil, additive, flour, milk etc. We mainly source such raw materials through the Nissin Japan Group in order to gain access to the suppliers in Japan more efficiently and to benefit from the lower procurement cost when purchases are made together with the Nissin Japan Group at a larger volume. While we are able to source the raw materials from Independent Third Parties in Japan or elsewhere, we believe it would not be as cost efficient when compared to our current arrangement to procure through the Nissin Japan Group. The finished goods outsourced under the Master Raw Materials and Products Procurement Agreement mainly include Japanese noodles products as well as confectionery products. We consider that it is beneficial to our Group as a whole to outsource the production of finished goods to the Nissin Japan Group for our onward sale to distributors in Hong Kong, Macau, Taiwan and the PRC whom we have built a long term relationship with.

(b) Pricing

The purchase prices of the raw materials and subcontract price of finished goods supplied under the Master Raw Materials and Products Procurement Agreement payable by us to the Nissin Japan Group will be calculated with reference to the total cost of such raw materials and finished goods plus a profit margin agreed at arm’s length negotiation. Our Directors confirmed that the prices charged by the Nissin Japan Group under the Master Raw Materials and Products Procurement Agreement is lower than the prices charged by other suppliers who are Independent Third Parties.

(c) Historical transaction amounts

The total amounts paid by us to the Nissin Japan Group for the purchase of raw materials and subcontract of the production of finished goods were approximately HK\$43.9 million, HK\$35.0 million, HK\$68.2 million and HK\$40.5 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

We expect that the annual amounts to be paid by us to the Nissin Japan Group under the Master Raw Materials and Products Procurement Agreement for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$121.4 million, HK\$122.0 million and HK\$127.9 million, respectively. The proposed caps were determined based on the historical transaction amounts, the expected demand of our products, the increase in production capacity of our Group as a result of improvement and investment to our production plants and facilities such as the Shunde Production Plant, as well as the establishment of our new production plants such as Xiamen Production Plant and Pinghu Production Plant in 2016 and 2017, respectively, the proposed expansion of our production plants and facilities after our Listing and the increase in our expected purchase of confectionery products, non-fried noodles and Japanese noodle products from the Nissin Japan Group.

10. Master Equipment and Parts Purchase Agreement

(a) Description of and reason for the transaction

During the Track Record Period, our Group purchased certain equipment and parts from the Nissin Japan Group for our use in the production of our products. On 21 November 2017, our Group has entered into an agreement with Nissin Japan (the “**Master Equipment and Parts Purchase Agreement**”) in order to govern the sale and purchase of such equipment and parts. The term of the Mater Equipment and Parts Purchase Agreement is three years commencing from 1 January 2017 and is renewable upon expiry for further terms of three years subject to the applicable requirements under the Listing Rules unless otherwise agreed by the parties. The Master Equipment and Parts Purchase Agreement does not contain any provision which allows either our Company or Nissin Japan Foods to terminate the agreement during its term. We mainly source such equipment and parts through the Nissin Japan Group in order to gain access to the suppliers in Japan more efficiently and to benefit from the lower procurement cost when purchases are made together with the Nissin Japan Group at a larger volume. While we are able to source the equipment and parts from Independent Third Parties in Japan or elsewhere, it would not be as cost efficient when compared to our current arrangement to procure through the Nissin Japan Group.

(b) Pricing

The prices of the equipment and parts supplied under the Master Equipment and Parts Purchase Agreement payable by us to the Nissin Japan Group will be calculated with reference to the total cost of the equipment and parts plus a profit margin agreed at arm’s length negotiation. Our Directors confirmed that the prices charged by Nissin Japan under the Master Equipment and Parts Purchase Agreement is lower than the prices charged by other suppliers who are Independent Third Parties.

(c) Historical transaction amounts

The total amounts paid by us to the Nissin Japan Group for the purchase of equipment and parts were approximately HK\$1.0 million, HK\$0.7 million, HK\$3.6 million and HK\$3.5 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

We expect that the annual amounts to be paid by us to the Nissin Japan Group under the Master Equipment and Parts Purchase Agreement for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$10.0 million, HK\$10.0 million and HK\$7.9 million, respectively. The proposed caps were determined based on the historical transaction amounts, the increase in production capacity of our Group as a result of improvement and investment to our production plants and facilities such as the Shunde Production Plant, as well as the establishment of our new production plants such as Xiamen Production Plant and Pinghu Production Plant in 2016 and 2017, respectively and the proposed expansion of our production plants and facilities after our Listing.

11. Master Raw Materials and Products Sale Agreement

(a) Description of and reason for the transaction

During the Track Record Period, our Group supplied certain raw materials and finished goods to the Nissin Japan Group. On 21 November 2017, our Company entered into a sale and purchase agreement (the “**Master Raw Materials and Products Sale Agreement**”) with Nissin Japan to govern the supply of raw materials and finished goods by our Group to the Nissin Japan Group. The raw materials supplied by our Group to the Nissin Japan Group include seasoning powder and packaging materials and the finished goods supplied by our Group to the Nissin Japan Group include instant noodles and potato chips products. The term of the Master Raw Materials and Products Sale Agreement is three years commencing from 1 January 2017 and is renewable upon expiry for further terms of three years subject to the applicable requirements under the Listing Rules unless otherwise agreed by the parties. The Master Raw Materials and Products Sale Agreement does not contain any provision which allows either our Company or Nissin Japan to terminate the agreement during its term. For the sale of raw materials, our Group can enjoy a lower purchasing cost by way of bulk purchases and the resale to the Nissin Japan Group would enhance a better use of the raw materials. For the sale of finished goods, we consider that the sale is conducted in the ordinary and usual course of business of our Group and the terms of sale to the Nissin Japan Group are similar to those that we entered into with other distributors who are Independent Third Parties.

(b) Pricing

The purchase prices of the raw materials and finish goods payable by the Nissin Japan Group to our Group under the Master Raw Materials and Products Sale Agreement are calculated with reference to the cost of such raw materials and finished goods plus a profit margin agreed at arm’s length basis.

(c) Historical transaction amounts

The total amounts paid by the Nissin Japan Group to our Group for the purchase of raw materials and finished goods were approximately HK\$8.1 million, HK\$7.5 million, HK\$12.4 million and HK\$9.8 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

It is anticipated that the annual amounts payable by the Nissin Japan Group to our Group under the Master Raw Materials and Products Sale Agreement for each of the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$33.3 million, HK\$52.1 million and HK\$67.8 million, respectively. The annual caps are determined with reference to the historical transaction amounts, the expected expansion of our production capacity after our Listing, and the projected increase in demand for our potato chips products and packaging materials to be supplied to the Nissin Japan Group given the Shunde Production Plant and Dongguan Production Plant have commenced to self produce potato chips products and packaging materials since June 2017 and since 2016 respectively.

12. Master Quality Control Support Service Agreement

(a) Description of and reason for the transaction

During the Track Record Period, the Nissin Shanghai Food Safety Institute provided regular food safety tests on the products and production facilities of our Group to ensure that they fulfilled the prescribed quality and safety standard. In order to govern the provision of food safety tests by the Nissin Shanghai Food Safety Institute to our Group, we have entered into a master quality control support service agreement (the “**Master Quality Control Support Service Agreement**”) on 21 November 2017 with the Nissin Shanghai Food Safety Institute. While we can engage other Independent Third Parties to conduct the food safety tests, we believe that it is more cost-efficient to engage the Nissin Shanghai Food Safety Institute to provide such services as it has good experience in the food safety of instant foods products and it provides quality services. Also, it can provide the service at a more favourable rate than other Independent Third Parties providing similar service. The term of the Master Quality Control Support Service Agreement is three years commencing from 1 January 2017 and is renewable upon expiry for further terms of three years subject to the applicable requirements under the Listing Rules unless otherwise agreed by the parties. The Master Quality Control Support Service Agreement does not contain any provision which allows either our Company or Nissin Shanghai Food Safety Institute to terminate the agreement during its term.

(b) Pricing

The fees payable by our Group to the Nissin Shanghai Food Safety Institute under the Master Quality Control Support Service Agreement is determined based on arm’s length negotiation. The fees charged by the Nissin Shanghai Food Safety Institute is lower than that charged by Independent Third Parties who provide similar service.

(c) Historical transaction amounts

The total amounts paid by our Group to the Nissin Shanghai Food Safety Institute for the quality control support services were approximately HK\$2.2 million, HK\$4.8 million, HK\$5.0 million and HK\$2.1 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

CONNECTED TRANSACTIONS

(d) Annual caps and basis of caps

We expect that the annual amounts to be paid by our Group to the Nissin Shanghai Food Safety Institute under the Master Quality Control Support Service Agreement for the years ending 31 December 2017, 2018 and 2019 will not exceed HK\$12.6 million, HK\$15.1 million and HK\$18.2 million, respectively. The proposed caps were determined based on the historical transaction amounts, our estimated demand of food safety tests, the increase of production capacity of our Group as a result of the establishment of our Xiamen Production Plant and Pinghu Production Plant in 2016 and 2017, respectively and the proposed expansion of our production plants and facilities after our Listing.

DIRECTORS' CONFIRMATION

Our Directors, including our independent non-executive Directors, are of the view that (i) each of the continuing connected transactions described above has been negotiated at arms' length, entered into in the ordinary and usual course of our business, are conducted on normal commercial terms or better and in accordance with our pricing policies; and (ii) the terms of the transactions and the annual caps are fair and reasonable and in the interests of our Company and our Shareholder as a whole.

SOLE SPONSOR'S CONFIRMATION

The Sole Sponsor is of the view that the continuing connected transactions described above for which waiver is sought are on normal commercial terms or better and have been entered into in the ordinary and usual course of business of our Group; and that the terms of the transactions and the proposed annual caps of these continuing transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

WAIVERS FROM THE STOCK EXCHANGE

For each of the three financial years ending 31 December 2017, 2018 and 2019, the highest applicable percentage ratio for the transactions under the section headed "Connected Transactions – Continuing connected transactions exempt from independent shareholders' approval requirement" (the "**Non-exempt Continuing Connected Transactions**") is expected to exceed 0.1% but less than 5.0%. Accordingly, the Non-exempt Continuing Connected Transactions are subject to the announcement requirement under Rule 14A.35 of the Listing Rules and the annual reporting requirement under Rule 14A.49 and 14A.71 of the Listing Rules.

We have applied for and the Stock Exchange has granted a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under the Listing Rules for the Non-exempt Continuing Connected Transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as at the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONNECTED TRANSACTIONS

CORPORATE GOVERNANCE MEASURES

We have adopted the following internal control and corporate governance measures to ensure that our transactions with the Nissin Japan Group and/or its associates will be conducted on normal commercial terms going forward:

- we will consistently adopt the same set of policy and procedures for all suppliers and customers. All suppliers and customers are subjected to the same internal quality assessment criteria including their reputation, quality and price of goods;
- we will frequently make reference to the market prices for our products sourced and sold to ensure the pricing that our Group paid or sold is reasonable;
- our Director(s) and/or our Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s);
- we will comply with the conditions prescribed under the waiver granted by the Stock Exchange in connection with the Non-exempt Continuing Connected Transactions in this regard;
- pursuant to the Corporate Governance Code in accordance with Appendix 14 of the Listing Rules, our Directors, including the independent non-executive Directors, will be able to seek independent professional advice in respect of the relevant transactions from external parties in appropriate circumstances;
- we will engage our auditors to review the connected transactions between us and the Nissin Japan Group and/or its associates to ensure that the transactions have been conducted in accordance with the Listing Rules and have fulfilled the relevant disclosure requirements; and
- we will duly disclose in our annual report and accounts the transactions with the Nissin Japan Group and/or its associates during each financial period, together with the conclusion drawn by our independent non-executive Directors on whether the transactions are conducted on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholder as a whole.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The Board consists of nine Directors, among which there are five executive Directors, one non-executive Director and three independent non-executive Directors. Our executive Directors and senior management are involved in the day-to-day management of our business. The following table sets out certain information in respect of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Roles and responsibilities
Mr. Kiyotaka Ando (安藤清隆)	38	March 2009	23 March 2009 ⁽¹⁾	Executive Director, Chairman of the Board and Chief Executive Officer	strategic planning and managing the overall business and operations of our Group and acting as member of the Remuneration Committee and the chairman of the Nomination Committee
Mr. Shinji Tatsutani (辰谷真次)	53	March 2008	11 October 2015 ⁽¹⁾	Executive Director and Chief Financial Officer	overseeing and managing overall finance functions of our Group
Mr. Munehiko Ono (小野宗彦)	50	January 2014	20 January 2014 ⁽¹⁾	Executive Director and Chief Production Officer	overseeing and managing overall production functions of our Group
Mr. Yoshihide Semimaru (蟬丸義秀)	49	April 2010	11 October 2015 ⁽¹⁾	Executive Director and Chief Research Officer	overseeing and managing overall research and development functions of our Group
Mr. Hijiri Fukuoka (福岡聖)	50	September 2009	17 March 2016 ⁽¹⁾	Executive Director and General Manager of Nissin China Holding (southern China)	overseeing and managing operations of sales of our “NISSIN (日清)” brand products in the PRC
Mr. Tong Ching Hsi (董焯熙)	81	March 2016	17 March 2016	Non-executive Director	providing advice on business development and making recommendations on corporate governance practice of our Group
Dr. Sumio Matsumoto (松本純夫)	70	November 2017	21 November 2017	Independent non- executive Director	acting as an independent Director and member of the Audit Committee, Remuneration Committee and Nomination Committee
Mr. Junichi Honda (本多潤一)	71	November 2017	21 November 2017	Independent non- executive Director	acting as an independent Director, the chairman of the Audit Committee and Remuneration Committee and member of the Nomination Committee
Professor Lynne Yukie Nakano	52	November 2017	21 November 2017	Independent non- executive Director	acting as an independent Director and member of the Audit Committee

Note:

- (1) Each of Mr. Kiyotaka Ando, Mr. Shinji Tatsutani, Mr. Munehiko Ono, Mr. Yoshihide Semimaru and Mr. Hijiri Fukuoka was re-designated as an executive Director and Mr. Tong Ching Hsi was re-designated as a non-executive Director on 21 November 2017.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors


Mr. Kiyotaka Ando (安藤清隆), aged 38, is our executive Director, Chairman of the Board and Chief Executive Officer of our Group. Mr. Ando is the grandson of Mr. Momofuku Ando (安藤百福), who was the founder of Nissin Japan. Mr. Ando is responsible for strategic planning and managing the overall business and operations of our Group. Mr. Ando joined our Group since March 2009 and has been a director of a number of subsidiaries of our Group. Mr. Ando obtained a Bachelor of Arts degree in Economics from Keio University (慶應義塾大學) in Japan in March 2004. Prior to joining our Group, Mr. Ando worked in Mitsubishi from April 2004 to December 2007. In January 2008, Mr. Ando joined Nissin Japan Group as the deputy general manager of the marketing division. Mr. Ando is currently a managing officer of Nissin Japan and a director of one subsidiary of Nissin Japan (both are non-executive in nature). Mr. Ando is the son-in-law of Mr. Tong Ching Hsi, our non-executive Director.

Mr. Shinji Tatsutani (辰谷真次), aged 53, is our executive Director and Chief Financial Officer of our Group. Mr. Tatsutani is responsible for overseeing and managing overall finance functions of our Group. Mr. Tatsutani obtained a Bachelor of Economics degree from Osaka Prefecture University (大阪府立大學) in Japan in March 1987. Mr. Tatsutani has over 25 years of experience in finance and accounting. Mr. Tatsutani joined Nissin Japan and worked in the accounting division between April 1987 and November 1996. From November 1996 to March 2002, Mr. Tatsutani was assigned to Guangdong Nissin. From March 2002 to March 2008, Mr. Tatsutani was re-assigned to Nissin Japan, with his last position being manager in the finance division. In March 2008, Mr. Tatsutani re-joined our Group and he has been a director of certain subsidiaries of our Group. Mr. Tatsutani is also a director of Nissin Shanghai Food Safety Institute.

Mr. Munehiko Ono (小野宗彦), aged 50, is our executive Director and Chief Production Officer of our Group. Mr. Ono is responsible for overseeing and managing overall production functions of our Group. Mr. Ono obtained a Bachelor of Agriculture degree from Tokyo University of Agriculture (東京農業大學) in Japan in March 1991. Before joining our Group, Mr. Ono joined Nissin Japan since April 1991, with his last position being deputy general manager. Between March 2007 and July 2011, Mr. Ono was assigned to our Company as director and plant manager. Mr. Ono re-joined our Group since January 2014 and has been a director of certain subsidiaries of our Group.

Mr. Yoshihide Semimaru (蟬丸義秀), aged 49, is our executive Director and Chief Research Officer of our Group. Mr. Semimaru is responsible for overseeing and managing overall research and development functions of our Group. Mr. Semimaru joined our Group since April 2010 and has been a director of certain subsidiaries of our Group. Mr. Semimaru obtained a Bachelor of Engineering degree in Applied Chemistry from Kansai University (關西大學) in Japan in March 1990 and a Master of Engineering degree in Applied Chemistry from the same University in March 1992. Before joining our Group, Mr. Semimaru joined Nissin Japan and worked in the food development division since April 1992. Mr. Semimaru has nearly 25 years of experience in research and development related to food products.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Hijiri Fukuoka (福岡聖), aged 50, is our executive Director and General Manager in southern China of Nissin China Holding. Mr. Fukuoka is responsible for overseeing and managing operations of sales of our “NISSIN (日清)” () brand products in the PRC. Mr. Fukuoka joined our Group since September 2009 and has been a director of certain subsidiaries of our Group. Mr. Fukuoka had also been our Director from September 2009 to March 2012. Mr. Fukuoka obtained a Bachelor of Arts degree majoring in Commerce from Waseda University (早稻田大學) in Japan in March 1989. Mr. Fukuoka has over 25 years of experience in marketing and management. Before joining our Group, Mr. Fukuoka worked in Nippon Steel Corporation, which is one of the largest steel manufacturers in Japan, from April 1989 to November 1991. In January 1992, Mr. Fukuoka joined Nissin Japan and worked in the marketing division.

Non-executive Director

Mr. Tong Ching Hsi (董炯熙), aged 81, is our non-executive Director appointed by our Company on 17 March 2016. Mr. Tong is responsible for providing advice on business development and making recommendations on corporate governance practice of our Group. Mr. Tong obtained a Bachelor of Mechanical Engineering degree from Waseda University (早稻田大學) in Japan in October 1965. In 1965, Mr. Tong founded Ability Enterprise Co., Ltd. (佳能企業股份有限公司) (listed on Taiwan Stock Exchange; stock code 2374). In 1987, Mr. Tong founded Ability Investment Co., Ltd. (能率投資股份有限公司). Mr. Tong is one of the founders of Abico Group (能率集團) and has been working in Abico Group (能率集團) for around 50 years.

Mr. Tong is currently the director-general of Abico Group (能率集團), the chairman of the board of directors of Ability Investment Co., Ltd.* (能率投資股份有限公司), the chairman of the board of directors of Ability I Venture Capital Corporation* (能率壹創業投資股份有限公司), a director of Ability Venture Management Co., Ltd.* (能率管理顧問股份有限公司), a director of Nang Lu Development Co., Ltd.* (能率開發股份有限公司), a director of Ting Lu Development Co., Ltd.* (頂率開發股份有限公司), a director of Taiwan Daihs Co., Ltd.* (台灣德歐士股份有限公司), a director of Ability Enterprise Co., Ltd. (佳能企業股份有限公司) (listed on Taiwan Stock Exchange; stock code 2374) and a director of AVY Precision Technology Inc. (應華精密科技股份有限公司) (listed on Taipei Exchange; stock code 5392). Other than the aforesaid, Mr. Tong was also a director of HiTi Digital, Inc. (誠研科技股份有限公司) (listed on Taiwan Stock Exchange; stock code 3494) between 26 January 2010 and 14 March 2014 and an independent director of TPK Holding Co., Ltd. (listed on Taiwan Stock Exchange; stock code 3673) between 8 January 2010 and 21 May 2013.

Mr. Tong is currently the Vice-President (副理事長) of the Taiwan Japan Association for Business Communication* (台日商務交流協進會), a director (董事) of Taiwan-Japanese Economic and Trade Foundation* (台日經濟貿易發展基金會), a council member (理事) of Association of East Asia Relations (亞東關係協會), a supervisor (監事) of The Third Wednesday Club (中華民國三三企業交流會).

Mr. Tong is the father-in-law of Mr. Kiyotaka Ando, our executive Director, Chairman of the Board and Chief Executive Officer.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Independent non-executive Directors

Dr. Sumio Matsumoto (松本純夫), aged 70, is our independent non-executive Director appointed by our Company on 21 November 2017. Dr. Matsumoto obtained a Bachelor degree of Medicine from the School of Medicine of Keio University (慶應義塾大學) in Japan in March 1973 and further obtained a Doctor of Medicine degree from the same University in October 1981. From 1973 to 1984, Dr. Matsumoto worked in Keio University with his last position being teaching assistant of the School of Medicine. From 1980 to 1982, Dr. Matsumoto was employed by National Hospital Organization Kanagawa Hospital as surgeon. From 1982 to 2005, Dr. Matsumoto worked in Fujita Health University with his last position being the President of the Banbuntane Hotokukai Hospital of Fujita Health University. After his departure from Fujita Health University, Dr. Matsumoto worked in Tokyo Medical Center of the National Hospital Organization between 2005 and 2014, with his last position being the President thereof.

Dr. Matsumoto is currently a member of the Promotion of New Strategy Expert Committee* (新戰略推進專門調查會委員), an expert member of the Japanese Government Procurement Review Board* (日本政府調達苦情處理檢討委員會專門委員) and a member of the Next-generation Information and Communication Technology Council* (次世代ICT基盤協議會委員).

Mr. Junichi Honda (本多潤一), aged 71, is our independent non-executive Director appointed by our Company on 21 November 2017. Mr. Honda obtained a Bachelor of Commerce degree from the Faculty of Business and Commerce of Keio University (慶應義塾大學) in Japan in March 1970 and obtained a Master degree majoring in management and accountancy from the Graduate School of Business and Commerce of the same University in March 1974. Mr. Honda was qualified as a Certificated Public Accountant in Japan in 1980. Mr. Honda has over 35 years of experience in finance and accounting. In July 1974, Mr. Honda joined Chuo Kaikei Jimusho Audit Firm as an accountant. From October 1983 to March 1987, Mr. Honda worked as an accountant in Deutsche Treuhand Gesellschaft Audit Firm. From April 1987 to December 2011, Mr. Honda worked in Deloitte Touche Tohmatsu with his last position being a partner.

Mr. Honda served as guest professor of the Graduate School of International Accounting (大学院國際會計研究科) of Chuo University (中央大學), teaching international accounting course from April 2002 to March 2007. From April 2010 to March 2012, Mr. Honda served as part time instructor of the Graduate School of Management of Tamagawa University (玉川大學). From August 2015 to July 2016, Mr. Honda served as an examiner of the disciplinary board of the Japanese Institute of Certified Public Accountants. Mr. Honda is currently a director of Hattori Gakuen, Incorporated School Institute.

Professor Lynne Yukie Nakano, aged 52, is our independent non-executive Director appointed by our Company on 21 November 2017. Professor Nakano obtained a Bachelor of Arts degree from Carleton College in 1987, a Master of Philosophy degree from Yale University in the United States in 1990 and a Doctor of Philosophy degree in 1998 from the same University. Since August 1995, Professor Nakano has been working in The Chinese University of Hong Kong (香港中文大學) and is currently a professor at the department of Japanese studies as well as the head of the graduate division of Japanese studies.

Save as disclosed above, none of our Directors are related to other Directors or senior management members of our Company or have been a director of any listed company in Hong Kong or overseas in the last three years.

Save as disclosed above, there is no other matter in respect of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no material matters to our Directors that need to be brought to the attention of our Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

Our senior management team, in addition to our executive Directors listed above, is comprised of the following:

Name	Age	Date of joining our Group	Date of appointment as Senior Management	Position	Roles and responsibilities
Mr. Taiji Matsumura (松村泰治)	68	July 2011	July 2011	Senior executive officer for procurement	overseeing and managing overall procurement functions of our Group
Mr. Kazuhito Kusumoto (楠本一人)	58	April 2015	April 2015	Managing director of Winner Food	overseeing and managing Winner Food
Mr. Satoshi Niibe (新部敏)	52	December 2013	December 2013	Senior executive officer for legal matter and general counsel	overseeing and managing overall legal matters of our Group
Mr. Xi Xiaotong (奚曉彤)	48	December 2013	December 2013	Senior executive officer for sales in northern China	overseeing and managing sales functions in northern China of our Group
Mr. Takeshi Shigemi (繁實建史)	54	March 2014	March 2014	Senior executive officer for sales in eastern China	overseeing and managing sales functions in eastern China of our Group
Mr. Gen Matsunobu (松延玄)	47	March 2010	March 2010	Senior executive officer for sales in western China	overseeing and managing sales functions in western China of our Group
Mr. Akifumi Aiba (饗庭彰文)	41	March 2012	March 2012	Managing director of Zhuhai Winner	overseeing and managing Zhuhai Winner
Mr. Hiroshi Ono (小野博史)	44	March 2009	March 2017	Deputy managing director of MCMS	overseeing the sales functions of MCMS
Mr. Chow Siu Tat (周少達)	61	June 1987	June 2003	Senior executive officer for human resources and administration	overseeing and managing overall human resources, administration and compliance matter of our Group
Mr. Tse Chi Ping Roy (謝志平)	56	January 2008	March 2012	Senior executive officer for sales in Nissin Foods HK	overseeing and managing the sales functions of Nissin Foods HK
Mr. 應里風 (Ying Li Feng)*	57	April 2012	April 2012	Assistant director of Nissin China Holding	overseeing and managing the sales functions in southern China of our Group

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Taiji Matsumura (松村泰治), aged 68, joined our Group since July 2011 and was appointed as senior executive officer for procurement of our Group, responsible for overseeing and managing overall procurement functions of our Group. Mr. Matsumura obtained a Bachelor of Engineering degree in Industrial Chemistry from Chuo University (中央大學) in Japan in March 1973. From July 1973 to May 1998, Mr. Matsumura worked in Cargill Japan Limited with his last position being deputy general manager of chemical division. After that, Mr. Matsumura joined Nissin Japan in June 1998 and had subsequently performed various roles, including deputy general manager of the international division, executive officer and general manager of the purchasing division in Osaka head office, director of the Central Research Institute, director and chief strategy officer of the international operation headquarters, managing director of Nissin Foods (Asia) Pte. Ltd. (a subsidiary of Nissin Japan) and director and chief representative in Asia and so on. Mr. Matsumura has nearly 19 years of experience in international business strategy and procurement. Currently, Mr. Matsumura is the head of international packaging development division of Nissin Japan.

Mr. Kazuhito Kusumoto (楠本一人), aged 58, joined our Group since April 2015 and was appointed as the managing director of Winner Food, responsible for overseeing and managing the business of Winner Food. Mr. Kusumoto obtained a Bachelor of Science degree from Nagasaki University (長崎大學) in Japan in March 1981. From April 1981 to April 2015, Mr. Kusumoto worked in the Nissin Japan Group with his last position being the chief resourcing officer of purchasing control division responsible for operations. Mr. Kusumoto has nearly 36 years of experience in management and international finance.

Mr. Satoshi Niibe (新部敏), aged 52, joined our Group since December 2013. He is a director of Nissin Management and senior executive officer for legal matter and general counsel of our Group, responsible for overseeing and managing overall legal matters of our Group. Mr. Niibe obtained Bachelor of Laws degree from Chuo University (中央大學) in Japan in March 1989 and a Master of Laws degree from the University of Tokyo (東京大學) in Japan in March 1996. Before joining our Group, Mr. Niibe worked in Heiwa Corporation from April 1989 to September 2007 with his last position being executive manager of the legal department. From October 2007 to April 2008, Mr. Niibe was appointed as a legal counsel of Medtronic Japan Co. Ltd. In May 2008, Mr. Niibe joined Nissin Japan and his last position with Nissin Japan prior to joining our Group was the general manager of the legal division. Mr. Niibe has nearly 28 years of experience in legal affairs.

Mr. Xi Xiaotong (奚曉彤), aged 48, joined our Group since December 2013 and was appointed as senior executive officer for sales in northern China of our Group, responsible for overseeing and managing overall sales in northern China of our Group. Mr. Xi obtained a Bachelor of Economics degree from Nihon University (日本大學) in Japan in March 1996. Before joining our Group, Mr. Xi had worked in Nissin Japan since April 1996, and had been assigned to Shanghai Nissin between 2001 and 2004 and between 2008 and 2009.

Mr. Takeshi Shigemi (繁實建史), aged 54, joined our Group since March 2014 and was appointed as senior executive officer for sales in southern China of our Group, responsible for overseeing and managing overall sales in southern China of our Group. After April 2017, Mr. Shigemi became responsible for overseeing and managing overall sales in eastern China of our Group and his title was changed to senior executive officer for sales in eastern China. Mr. Shigemi graduated from the Chinese language curriculum of Kyoto Sangyo University (京都産業大學) in Japan in March 1985. Mr. Shigemi has nearly 25 years of experience in sales and marketing. From April 1985 to August 2013, Mr. Shigemi worked in Panasonic Corporation (previously known as Matsushita Electric Industrial Co., Ltd), with his last position being head of the marketing division. From August 2013 to March 2014, Mr. Shigemi was the manager of the marketing division of Nissin Japan.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Gen Matsunobu (松延玄), aged 47, joined our Group since March 2010 and was appointed as senior executive officer for sales in western China of our Group, responsible for overseeing and managing overall sales in western China of our Group. Mr. Matsunobu graduated from the Department of Biochemical Science and Technology, Faculty of Agriculture, Kagoshima University (鹿兒島大學) in Japan in March 1994 and further obtained a Master of Agriculture degree from the same University in March 1996. From April 1996 to March 2010, Mr. Matsunobu worked in Nissin Japan, with his last position being a supervisor in the marketing division.

Mr. Akifumi Aiba (饗庭彰文), aged 41, joined our Group since March 2012 and was appointed as the managing director of Zhuhai Winner, responsible for overseeing and managing Zhuhai Winner. Mr. Aiba is also a director of a number of our subsidiaries. Mr. Aiba obtained a Bachelor of Business Administration degree from Kyoto Sangyo University (京都産業大學) in Japan in March 1999. From April 1999 to March 2012, Mr. Aiba worked in Nissin Japan and performed various roles in the marketing and sales functions.

Mr. Hiroshi Ono (小野博史), aged 44, joined our Group since March 2009 and was appointed as the Deputy Managing Director of MCMS in March 2017, responsible for overseeing the sales functions of MCMS. Mr. Ono obtained a Bachelor of Economics degree from Tokyo Keizai University (東京經濟大學) in Japan in March 1997. From April 1997 to February 2002, Mr. Ono worked in Mitsubishi Corporation RtM Japan Ltd. (previously known as Kinsho Mataichi Corporation or Kinsho Corporation), with his last position being vice-representative of Beijing office. Mr. Ono joined Nissin Japan in April 2002 and was assigned to Shanghai Nissin, our subsidiary from April 2006 to October 2008. Before joining our Group, Mr. Ono was a supervisor of the international corporate strategy division of Nissin Japan. Mr. Ono has over 20 years of experience in sales and marketing.

Mr. Chow Siu Tat (周少達), aged 61, joined our Group since June 1987 and was appointed as senior executive officer for human resources and administration of our Group in June 2003, responsible for overseeing and managing overall human resources, administration and compliance matter of our Group. Mr. Chow obtained a Diploma in Accounting from Hong Kong Baptist University (香港浸會大學) (previously known as Hong Kong Baptist College (香港浸會學院)) in June 1979. Mr. Chow has nearly 22 years of experience in human resources and administration.

Mr. Tse Chi Ping Roy (謝志平), aged 56, joined our Group since January 2008 and is currently the senior executive officer for sales in Nissin Foods HK, responsible for overseeing and managing the sales functions of Nissin Foods HK. Mr. Tse obtained a Honours Diploma in Business Management from the Hong Kong Baptist University (香港浸會大學) (previously known as Hong Kong Baptist College (香港浸會學院)) in November 1985 and obtained a Master of Business Administration degree from the Open University of Hong Kong (香港公開大學) in June 2002. Before joining the Group, Mr. Tse worked as the key account manager in the sales department in A.S. Watson & Company Limited. Mr. Tse has accumulated 30 years of experience in sales and marketing having previously worked under the sales department in various paper companies and trading companies.

Mr. 應里風 (Ying Li Feng)*, aged 57, joined our Group since April 2012 and was appointed as the assistant director of Nissin China Holding, responsible for overseeing and managing the sales functions of southern China of our Group. Mr. Ying obtained a Diploma in Chinese (Secretarial Studies) from the 青島職業技術學院 (Qingdao Technical College)* (previously known as 青島市職

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

工業餘大學 (Qingdao Technical Part-Time College)* in the PRC in July 1990. Before joining the Group, Mr. Ying worked in 上海良菱配銷有限公司 (Shanghai Liang Ling Logistics Co. Ltd.)* from April 2003 to March 2012 with his last position being the General Manager Assistant and Sales Department General Manager. After that, Mr. Ying joined the Group in April 2012 and had subsequently performed various roles, including the assistant director and/or sales planning manager and/or project manager of Nissin China Holding, sales manager in northern China and/or director and/or sales manager of Shanghai Nissin and the director, assistant manager and senior executive officer of the sales and management department of Zhuhai Winner.

COMPANY SECRETARY

Mr. Lo Tai On (羅泰安), aged 63, was appointed as our Company Secretary in March 2016. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants, with over 25 years of experience in the field of company secretarial services, and is now a director of Fair Wind Secretarial Services Limited, a secretarial company rendering secretarial services. Mr. Lo is also the company secretary of a number of companies, including AAC Technologies Holdings Inc. (SEHK stock code: 2018), Pak Fah Yeow International Limited (SEHK stock code: 239), and Good Friend International Holdings Inc. (SEHK stock code: 2398), all of which are listed on the Stock Exchange. Mr. Lo is not an employee of our Group and Mr. Chow Siu Tat, our senior executive officer for human resources and administration, who is responsible for overseeing and managing overall human resources, administration and compliance matter of our Group, will be the person whom Mr. Lo can contact for the purpose of Provision F.1.1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER PERFORMED BY THE SAME INDIVIDUAL

Pursuant to Provision A.2.1 of the Corporate Governance 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 our Chief Executive Officer, responsible for strategic planning and managing of our Group's overall business and operations. Mr. Ando has been responsible for overall management of our Group since 2009. The Board believes that the current structure enables us to make and implement business decision swiftly and effectively which promotes our Group's development in line with other strategies and business direction. Our Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired because of the diverse background and experience of our non-executive Director and independent non-executive Directors. Further, our Audit Committee, which consists exclusively of independent non-executive Directors, has free and direct access to our Company's external auditors and independent professional advisers when it considers necessary. Therefore our Directors consider that the deviation from Provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

In order to maintain good corporate governance and to fully comply with Provision A.2.1 of the Corporate Governance Code, our Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPLIANCE ADVISER

Our Company has appointed Mizuho Securities Asia Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Our Company has entered into a compliance adviser's agreement dated 17 March 2016 and a supplemental agreement dated 20 March 2017 with the compliance adviser, pursuant to which the compliance adviser will provide advice to our Company in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes the annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Audit committee

Our Company has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors; review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group. At present the Audit Committee comprises three members, namely Mr. Junichi Honda, Dr. Sumio Matsumoto and Professor Lynne Yukie Nakano. Mr. Honda is the chairman of the Audit Committee.

Remuneration committee

Our Company has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration. The Remuneration Committee comprises three members, namely Mr. Kiyotaka Ando, Dr. Sumio Matsumoto and Mr. Junichi Honda. Mr. Honda is the chairman of the Remuneration Committee.

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Nomination Committee

Our Company has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to review our board diversity policy (the “**Board Diversity Policy**”), make recommendations to the Board on the appointment of Directors and the management of the Board succession. The Nomination Committee comprises three members, namely Mr. Kiyotaka Ando, Dr. Sumio Matsumoto and Mr. Junichi Honda. Mr. Ando is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE

The Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code and the associated Listing Rules.

Board Diversity

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant code governing board diversity under the Corporate Governance Code. After Listing, our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on annual basis.

Directors and Senior Management’s Remuneration

Directors and senior management receive compensation in the form of salaries, allowances and other benefits in kind and/or discretionary bonuses. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to our Group’s operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management.

The aggregate amount of emoluments (including salaries, allowances, benefits in kind and discretionary bonuses) paid to our Directors for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 was approximately HK\$5.1 million, HK\$4.6 million, HK\$4.8 million and HK\$2.5 million, respectively.

Our Group’s five highest paid individuals included two, three, two and two Directors for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Excluding the emoluments paid to those Directors, the aggregate emoluments paid to our Group’s remaining three, two, three and three highest paid individuals for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately HK\$2.9

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

million, HK\$1.8 million, HK\$2.9 million and HK\$1.5 million, respectively. During the Track Record Period and up to the Latest Practicable Date, no emolument was paid by the Group to any of our Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors had waived any emoluments during the Track Record Period.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by the Group to or on behalf of any of our Directors.

For additional information on Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to note 11 to the accountants' report set out in Appendix I to this prospectus.

Share Award Scheme

We have adopted the Share Award Scheme, the purpose of which is to provide us with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants and potential participants. For details, please see the section headed "Statutory and General Information – D. Share Award Scheme" in Appendix IV to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

OUR CONTROLLING SHAREHOLDER

Immediately following completion of the Global Offering (without taking into account any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option), our Company will be owned as to approximately 73.89% by Nissin Japan. For the purpose of the Listing Rules, Nissin Japan will be our Controlling Shareholder.

Our origin can be traced back to 1948 when Mr. Momofuku Ando, (安藤百福) founded the Nissin Japan Group. Mr. Momofuku Ando (安藤百福) invented the world's first instant noodles, "Chicken Ramen (雞湯拉麵)", in 1958. He also invented cup noodles in 1971, which was the world's first cup-type instant noodles, and space ramen in 2005, which was the world's first ramen noodles designed to be consumed in space. Nissin Japan has global operations, it is one of the largest manufacturers and sellers of instant noodles in the world and a company listed on the Tokyo Stock Exchange. Apart from instant noodles, the Nissin Japan Group also engages in the manufacture and sale of other food products including chilled and frozen food, snacks, confectioneries and beverages. To the best knowledge of our Directors based on available information after making reasonable enquiries, as at the Latest Practicable Date, Nissin Japan did not have any shareholder holding in excess of 7.0% of its issued share capital and none of its shareholders is in a position to control a majority of the members of its board of directors. Accordingly, Nissin Japan does not have any controlling shareholder.

As at the Latest Practicable Date, Nissin Japan was interested in (i) 16.2% of the issued share capital of Thai President Foods Public Company Limited, a company engaged in the manufacturing and distribution of instant noodles and biscuit products, whose shares are listed on the stock exchange of Thailand and (ii) 19.6% of the issued shares of Premier Foods plc, a leading UK food company whose shares are listed on the London Stock Exchange. Save for its interest in Thai President Foods Public Company Limited and Premier Foods plc as mentioned above, Nissin Japan did not have any interest in other listed companies as at the Latest Practicable Date.

INDEPENDENCE OF OUR GROUP FROM THE NISSIN JAPAN GROUP

Our Directors are satisfied that our Group is able to operate independently of the Nissin Japan Group taking into account the following factors:

Business Delineation

Separate geographical and market focus

Although both the Nissin Japan Group and our Group are principally engaged in the manufacture and sales of instant noodles, our Directors believe that there is clear and adequate delineation between the business of the Nissin Japan Group and that of our Group, as we have different geographical focuses. During the Track Record Period, our Group operated as an independent operation arm from the Nissin Japan Group. We focus our operations in Hong Kong and the PRC and sell our products in Hong Kong, the PRC, Macau and Taiwan (i.e. the HK Group Territory) whereas the Nissin Japan Group focuses its operation and market in the Nissin Japan Group Territory. The Nissin Japan Group did not sell any of its instant noodles, frozen foods, snack and confectionery products to the HK Group Territory during the Track Record Period except through the Excluded Business and for products sold to our Group. Nissin Japan further undertakes that it shall not sell such products to the HK Group Territory after the Listing pursuant to the Deed of Non-competition.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

We however are not restricted to sell any of our products to the Nissin Japan Group Territory before or after Listing, except for certain jurisdictions in which members of the Nissin Japan Group (including our Group) are contractually bound by joint venture and/or business cooperation agreements, which were executed by Nissin Japan with other third parties, not to sell products in such jurisdictions other than through the joint ventures and/or business cooperation formed under the said agreements. As at the Latest Practicable Date, those jurisdictions included Turkey, Spain, the Philippines, Russia and the other 14 states comprising the former Soviet Republics. Since those jurisdictions are not our target markets and our Directors are of the view that the market coverage of such jurisdictions is limited, our Directors believe such restrictions will not have a material adverse impact on the business development of our Group as a whole.

During the Track Record Period, we have exported our products to certain regions within the Nissin Japan Group Territory including Canada, the United States, Australia, New Zealand and certain European countries. Our aggregate exports to the Nissin Japan Group Territory (including sales by our Group to overseas distributors and, to the best of our knowledge, sales to certain distributors based in Hong Kong who then on-sell our products to overseas) accounted for approximately 5.6%, 4.8%, 5.3% and 3.5% of the total sales of our Group for the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. In spite of such sales, our Directors are of the view that there is a clear delineation between our product sales and those of the Nissin Japan Group in the following aspects:

- (i) different target consumers – our products sold to the Nissin Japan Group Territory mainly target at the Chinese community in these overseas countries while the products of the Nissin Japan Group target local consumers;
- (ii) different products – our products sold to the Nissin Japan Group Territory are of Asian flavours that are mainly developed and manufactured in Hong Kong or the PRC while the products sold by the Nissin Japan Group are typically of local flavours which are developed and exported from Japan or manufactured in factories of the Nissin Japan Group located overseas; and
- (iii) different sales points – our products are mainly sold in the Asian and/or Chinese supermarkets in the countries within the Nissin Japan Group Territory while the products of the Nissin Japan Group are sold in local retailers or supermarkets in such overseas countries.

Further, because our sales in the Nissin Japan Group Territory during the Track Record Period were not significant compared to our sales in the HK Group Territory and because there is a clear delineation between our sales in the Nissin Japan Group Territory and that of the Nissin Japan Group, our Directors are of the view that our sales in the Nissin Japan Group Territory will not have direct and material competition with the Nissin Japan Group nor will it have any material adverse impact on our overall sales and results of operations.

In addition, our independence is further safeguarded by the Deed of Non-competition pursuant to which Nissin Japan agreed that, except for the Excluded Business, it will not engage in the Relevant Business in the HK Group Territory and will also cause its subsidiaries (other than our Group) not to engage in such business in the HK Group Territory. For details of the Deed of Non-competition, please refer to the paragraph headed “Non-competition Undertaking” in this section.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Parallel Imports

In spite of the protection to us under the Deed of Non-competition, given the popularity of Nissin products, it is possible that products of the Nissin Japan Group are purchased by third parties for onward sale in the HK Group Territory through parallel imports. While Nissin Japan Group and our Group are aware that parallel imports of Nissin products by Independent Third Parties exist, our Directors believe parallel imports are not exceptionally abnormal in consumer food products business, and the extent of parallel import of products of Nissin Japan Group in Hong Kong and the PRC is considered immaterial.

Further, there is no intention on the part of the Nissin Japan Group to directly compete with our Group in the HK Group Territory. The products of Nissin Japan Group imported into the HK Group Territory are usually products intended for domestic consumption, tailored for the local Japanese market or other relevant local markets only. The packaging materials and information thereupon manufactured by Nissin Japan are displayed in the Japanese language only and indicate the products are manufactured and/or sold by Nissin Japan. The relevant food labelling and other information on the packaging are in accordance with local laws and regulations. Similarly, the products manufactured by other group members of Nissin Japan (other than our Group) contain information in their respective local language. In contrast, all packaging and information thereupon for the products of our Group are in English and/or Chinese (traditional or simplified). The packaging of our products sold in Hong Kong also includes relevant food labels containing information on ingredients, nutritional information and other information as required under Hong Kong laws and regulations. Once the products manufactured by the Nissin Japan Group are sold to Independent Third Party distributors, Nissin Japan Group will no longer have any control over the onward sale or distribution of its products into the HK Group Territory.

To the best knowledge of our Directors after making reasonable enquiries, Nissin Japan has put in place measures to deal with parallel imports. Nissin Japan maintains constant communication on the issue of parallel import with our Group (which is more familiar and updated with the market in the HK Group Territory, and whose sales department carries out routine monitoring of the extent of parallel imports in the HK Group Territory). Whenever it comes to the knowledge of our Group that the sales of any particular parallel-imported products of the Nissin Japan Group in the HK Group Territory is considered by our Group to be material, our Group will alert and discuss with Nissin Japan and, where appropriate, Nissin Japan and/or our Group may engage external industry experts or research firms to look further into and/or conduct further analysis on the situation, including the extent of the parallel imports, the pricing of the parallel-imported products, the customers of the parallel-imported products and its impact on the sales of our Group's products. Subject to the then prevailing market conditions, analysis and/or recommendation by the industry expert, Nissin Japan and our Group will consider taking practical measures, including the possibility of Nissin Japan directly supplying to our Group the relevant products for distribution in the HK Group Territory.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Given our current market positions in the food industries in Hong Kong and the PRC and the popularity of our products, counterfeiting of our products by third parties had occurred from time to time during the Track Record Period. To prevent and combat counterfeit products, our sales team members regularly visit shops, supermarkets and our sales points to monitor the occurrence of counterfeiting and maintain close contact with relevant personnel in such shops, supermarkets and sales points to receive up to date information and resolve any such situations. When any counterfeited products are identified, we usually issue warning letter to the relevant manufacturers and sellers stating violation and infringement of our intellectual property rights and demanding such manufacturers and sellers to immediately cease and desist from manufacturing and selling such counterfeited products. We have found that the issue of such cease and desist warning letter to be effective in combating counterfeited products and that the counterfeiting would normally stop after the issuance of such letter.

Our Directors are not aware of any material adverse impact on the overall business of our Group during the Track Record Period resulting from parallel imports to, and counterfeited products in, the HK Group Territory. Notwithstanding the above, investors are advised that no assurance can be given by our Company on absolute control over parallel imports and counterfeited products in the future. Please refer to the section headed “Risk Factors” in this prospectus for further information.

Excluded Business in the PRC retained by the Nissin Japan Group

The Nissin Japan Group has retained interests in following entities incorporated in the PRC:

- (i) 山東仁木食品有限公司 (Shandong Renmu Food Co., Ltd.*) (“**Shandong Renmu**”) and 山東麥麗香食品有限公司 (Shandong Mailixiang Food Co., Ltd.*) (“**Mailixiang**”, together with Shandong Renmu, the “**Shandong Renmu Entities**”), all are wholly-owned by a Japan company namely Bonchi Co., Ltd. which is in turn held by Nissin Japan as to 50.1%;
- (ii) 朋啟食品(蘇州)有限公司 (Pengqi Food (Suzhou) Co., Ltd.*) (“**Pengqi**”), a company wholly-owned by Bonchi Co., Ltd. which is in turn held by Nissin Japan as to 50.1%; and
- (iii) the Nissin Shanghai Food Safety Institute, a 95.0% subsidiary of Nissin Japan with the remaining 5.0% interest held by our Company.

Shandong Renmu Entities

To the best knowledge of our Directors after making reasonable enquiry, Shandong Renmu is principally engaged in the manufacturing of raw materials for the Nissin Japan Group with an ancillary production of various Korean style dim sum and, to a lesser extent, Chinese style dim sum products in order to utilise the production capacity of their factory located in the Shandong province, the PRC.

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Although our Group is also engaged in the manufacturing and sales of frozen dim sum products mainly under our “Doll Dim Sum (公仔點心)” (大公仔點心) brand, there is a clear geographical delineation between the frozen food business of Shandong Renmu and that of our Group. The target markets for our Group’s frozen food products are mainly in the southern and eastern China. To the best knowledge of our Director, the target markets for the dim sum products manufactured by Shandong Renmu are Korea and Shandong province of the PRC. Accordingly, regardless of the slight overlap in the frozen product range of dim sum products manufactured by both Shandong Renmu and our Group, given the geographical delineation, our Directors are of the view that the business of Shandong Renmu will not constitute any material competition with our Group’s frozen food business in the PRC.

Other than Shandong Renmu, to the best knowledge of our Directors, Mailixiang is principally engaged in the production of frozen cakes for export to Japan. Also, to the best knowledge of our Directors, Mailixiang did not sell its products in the HK Group Territory during the Track Record Period.

Based on the above, our Directors believe that the markets of the Shandong Renmu Entities and our Group are adequately delineated by the nature of their respective businesses and there will be no material competition between us.

Pengqi

To the best knowledge of our Directors after making reasonable enquiry, Pengqi had already ceased its food production business before the Track Record Period and it had leased its manufacturing plant and production facilities to an Independent Third Party and the revenue of Pengqi is mainly generated from rental income and therefore does not have any competition with the business of our Group.

The Nissin Shanghai Food Safety Institute

The Nissin Shanghai Food Safety Institute mainly engages in food safety testing and it provides quality test and generates food testing reports for the Nissin Japan Group (including our Group) and other third parties. Although we also have food safety testing facilities in our factories to conduct day-to-day quality checking of our raw materials and products, we do not offer any food testing service to other third parties and therefore the business of the Nissin Shanghai Food Safety Institute does not have any competition with the business of our Group. During the Track Record Period, we have engaged the Nissin Shanghai Food Safety Institute to provide regular food safety test on our products and production facilities. We expect that provision of such testing service will continue after our Listing. Please refer to the section headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 12. Master Quality Control Support Service Agreement” in this prospectus for further details.

We understand that Nissin Japan has no current intention to inject the Excluded Business into our Group. Given that the Excluded Business is not the principal business of our Group, our Directors believe that the non-inclusion of the Excluded Business into our Group will not jeopardize the interest of our Company and our Shareholders as a whole.

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Financial Independence

We have an independent accounting and financial management system and we make financial decisions independently according to our own business needs. During the Track Record Period, no loan or guarantee has been provided by our Controlling Shareholder to our Group. Our Group has not borrowed any loan or credit facility from banks or financial institutions during the Track Record Period. As at the Latest Practicable Date, there was no amount due to Nissin Japan from our Group except for those incurred in the ordinary and usual course of business of our Group. Our Directors believe that we are capable of obtaining financing from Independent Third Parties without reliance on the Nissin Japan Group. Based on the above, our Directors believe that we do not have any financial dependence on the Nissin Japan Group.

Operational Independence

With the exception of certain transactions conducted on normal commercial terms in the ordinary course of business of our Group relating to sale and purchase of goods, provision of services between our Group and the Nissin Japan Group or its associates, and the right to use certain intellectual properties provided by Nissin Japan to us (as further described below and in the section headed “Connected Transactions” in this prospectus), we operated independently as a distinct and separate business during the Track Record Period, and will, upon Listing, continue to be independent of and separate from the business of the Nissin Japan Group. We have our own independent management, sales and marketing, production procurement, quality control, research and development, legal, finance and costing, human resources and administration teams. The office facilities, manufacturing facilities, food safety testing and research and development facilities of the Nissin Japan Group and our Group are clearly delineated and separately located. We do not lease any property from the Nissin Japan Group. We own our own manufacturing plants in the PRC and for the properties leased by our Group in Hong Kong and the PRC, the landlords are Independent Third Parties and are not connected to the Nissin Japan Group.

During the Track Record Period, our Group conducted certain transactions with the Nissin Japan Group and its associates on a recurring basis which are expected to continue after the Listing and will constitute continuing connected transactions of our Company under the Listing Rules. Details of each of the continuing connected transactions are set out in the section headed “Connected Transactions” in this prospectus. Such transactions are entered into in the ordinary and usual course of business of our Group and the terms (including the pricing) of such transactions are determined through arm’s length negotiations which were no less favourable to our Group (or even better to our Group) than terms offered by Independent Third Parties. Our Directors believe that the continuing connected transactions conducted by us with the Nissin Japan Group and its associates do not indicate any undue reliance of our Group on the Nissin Japan Group and are beneficial to our Company and our Shareholder as a whole. Set out below are those continuing connected transactions:-

Intellectual Property Rights

Nissin Japan and its associate, KOIKE-YA, had respectively granted non-exclusive licence to our Group to use the Nissin Trademarks and Technology, the Nissin Koikeya Trademarks and KOIKE-YA Trademarks.

The royalties in connection with the licensing arrangement under the Technology and Trademark Licencing Agreement with Nissin Japan are determined with reference to a range of fair royalty rate as advised by an independent valuer. The royalty rates charged by Nissin Japan are

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within or lower than the range advised by the independent valuer. For details of the licensed intellectual property rights, please refer to sections respectively headed “Connected Transactions – I. Fully exempt continuing connected transactions – 4. Marketing Services and Trademark Licencing Agreement and II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 5. Technology and Trademark Licencing Agreement” respectively in this prospectus and “Statutory and General Information – B. Further information about the business of our Group – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

Nissin Japan and/or KOIKE-YA have not transferred the ownership of the Nissin Trademarks and Technology, the Nissin Koikeya Trademarks and the KOIKE-YA Trademarks to us because such trademarks and technology are also used by the Nissin Japan Group and KOIKE-YA in their business in Japan and other parts of the world. Our Directors believe that the continual use of the Nissin Trademarks and Technology, the Nissin Koikeya Trademarks and the KOIKE-YA Trademarks through the licensing arrangement after Listing on normal commercial terms will benefit the business growth of our Group by leveraging the reputation of the “NISSIN (日清)” brand and “Koikeya (湖池屋)” brand which in turn will be beneficial to our Company and our Shareholders as a whole. While the trademarks and technology licenced to us by Nissin Japan under the Technology and Trademark Licencing Agreement are significant to our operation given that we principally engage in the production and sales of instant noodle products, our Directors are of the view that the use of the technology and trademarks licensed by Nissin Japan will not be easily disrupted and it would be sufficient for us to obtain a licence from Nissin Japan to use these licensed trademarks and technology without acquiring their ownership because (i) the Technology and Trademark Licencing Agreement is renewable automatically upon expiry and cannot be terminated unilaterally by Nissin Japan; and (ii) we have acquired the relevant technology and knowhow in the course of production of our products throughout the years.

Apart from the trademarks licensed by Nissin Japan, our Group owns a number of renowned trademarks, for example, “Fuku (福)” (福) and “DOLL (公仔)” (大). Such trademarks are reputable and well-established in Hong Kong with a long history. For details of the material trademarks registered by our Group, please refer to “Statutory and General Information – B. Further information about the business of our Group – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

Sale and Purchase with the Nissin Japan Group

(i) Purchase from the Nissin Japan Group

We have purchased certain raw materials, equipment and parts from and outsourced the production of finished goods to the Nissin Japan Group during the Track Record Period. The raw materials, equipment and parts are used in the manufacturing of our products while the finished goods are sourced by our Group for onward sale to distributors in the HK Group Territory with whom we have built a long term relationship. For further information on these transactions, please refer to the sections headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 9. Master Raw Materials and Products Procurement Agreement” and “– 10. Master Equipment and Parts Purchase Agreement” in this prospectus.

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Our Directors believe that while our Group can benefit from the lower cost charged by the Nissin Japan Group and stable and timely supply of raw materials, equipment and parts, as well as enjoy efficient access to suppliers in Japan, we are under no obligation to purchase these goods from the Nissin Japan Group. We are able to source the raw materials, equipment and parts from Independent Third Parties in Japan or elsewhere and we may also approach the current suppliers in Japan directly. Further, the finished goods sourced from the Nissin Japan Group were mainly Japanese noodle products and confectionary products which complement our product offerings. Accordingly, our Directors are of the view that the purchase of raw materials, equipment and parts from and the outsourcing of finished goods to the Nissin Japan Group did not constitute undue reliance on Nissin Japan.

(ii) Sales to Nissin Japan Group

We have been selling certain raw materials and finished goods to the Nissin Japan Group during the Track Record Period. The raw materials and finished goods supplied to the Nissin Japan Group include seasoning powder, packaging materials, instant noodles products and potato chips. For further information on our sales to the Nissin Japan Group, please refer to the section headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 11. Master Raw Materials and Products Sale Agreement” in this prospectus.

Our Directors consider that the sales of raw materials and finished goods to the Nissin Japan Group is beneficial to our Group as a whole. For the raw materials, our Group can enjoy a lower purchasing cost by way of bulk purchase and the resale to the Nissin Japan Group would enhance a better use of the raw materials. For the finished goods, we consider that the sales are conducted in our ordinary and usual course of business and the terms of sale to the Nissin Japan Group are similar to the terms that we entered into with other distributors who are Independent Third Parties. Besides, the sales of raw materials and finished goods to the Nissin Japan Group accounted for only approximately 0.3%, 0.3%, 0.5% and 0.7% of our total revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 respectively. We consider that the sales volume of the raw materials and finished goods sold to the Nissin Japan Group are immaterial to the overall business of our Group and it would not have any material impact on our business even if the Nissin Japan Group ceases to purchase the raw materials and finished goods from us.

Based on the above, our Directors believe that the sales of raw materials and finished goods to the Nissin Japan Group would not impair the independence of our Group.

Provision of Service by the Nissin Japan Group and KOIKE-YA

(i) Research and Technology Services

During the Track Record Period, our Group engaged the Nissin Shanghai Food Safety Institute to provide to us regular food safety tests on our products and production facilities in order to ensure that they fulfill the prescribed quality and safety standard. For details of this transaction, please refer to the section headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 12. Master Quality Control Support Service Agreement” in this prospectus.

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We engage the Nissin Shanghai Food Safety Institute, in which our Group has 5.0% equity interest, to perform testing on our products and production facilities because it is experienced in the quality control of instant food products and it provides quality food testing services. Also, the service fees charged by the Nissin Shanghai Food Safety Institute is more competitive than the fees charged by other service providers who are Independent Third Parties. We consider that engaging the Nissin Shanghai Food Safety Institute to provide food testing service would not give rise to the concern of reliance on the Nissin Japan Group because we are not obliged to engage the Nissin Shanghai Food Safety Institute to provide such services and we are free to engage Independent Third Parties to provide similar services. In addition, we have our own food testing facilities in our production facilities and we conduct day-to-day quality checking of our raw materials and products.

(ii) Sourcing of Computer software

Nissin Japan has been procuring computer software used in ordinary office work of our Group. For further information on this transaction, please refer to the section headed “Connected Transactions – I. Fully exempt continuing connected transactions – 3. Information Technology Sourcing Master Agreement” in this prospectus. We source the computer software and licenses from Nissin Japan because we can enjoy a lower purchase costs due to bulk purchase by Nissin Japan. Our Directors believe that the sourcing of computer software from Nissin Japan does not give rise to any concern of reliance because we are able to purchase such software and licences in the open market on our own.

(iii) Marketing Support and Consultancy Services

KOIKE-YA, an associate of Nissin Japan will provide marketing support and consultancy services to our Group in relation to the sales of potato chips products and grant an exclusive licence to our Group to use the KOIKE-YA Trademarks and certain technology in the production and sales of potato chips products in Hong Kong, Macau and the PRC. For further information on this transaction, please refer to the section headed “Connected Transactions – I. Fully exempt continuing connected transactions – 4. Marketing Services and Trademark Licencing Agreement” in this prospectus.

Despite that we have sufficient and/or ample resources to promote and open up the market of our potato chips products, our Directors are of the view that by acquiring marketing support and consultancy services from KOIKE-YA, who is also responsible for the sales and marketing of potato chips products under the “Koikeya (湖池屋)” brand in Japan, our Group will be able to enjoy a lower costs in the promotion and marketing of its potato chips products and enhance the expansion of the snacks business of our Group. In light of the above, our Directors believe that the marketing support and consultancy services acquired from KOIKE-YA is beneficial to our Group and would not affect our independence.

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Management Independence

Our Directors and Senior Management

We have an independent management team which has extensive experience in management and in the foods industry. They make all management decisions independent from the Nissin Japan Group. The following table sets forth details of the role of our Directors in our Group and in the Nissin Japan Group:

Name of Board Member	Position in our Company upon our Listing	Position in the Nissin Japan Group upon our Listing
Mr. Kiyotaka Ando (安藤清隆)	Executive Director, Chairman of the Board and Chief Executive Officer	Managing officer (non-executive) of Nissin Japan and director of one subsidiary of Nissin Japan (both are non-executive in nature)
Mr. Shinji Tatsutani (辰谷真次)	Executive Director and Chief Financial Officer	Director of the Nissin Shanghai Food Safety Institute (non-executive in nature)
Mr. Munehiko Ono (小野宗彦)	Executive Director and Chief Production Officer	None
Mr. Yoshihide Semimaru (蟬丸義秀)	Executive Director and Chief Research Officer	None
Mr. Hijiri Fukuoka (福岡聖)	Executive Director and General Manager in southern China of Nissin China Holding	None
Mr. Tong Ching Hsi (董燭熙)	Non-executive Director	None
Dr. Sumio Matsumoto (松本純夫)	Independent non-executive Director	None
Mr. Junichi Honda (本多潤一)	Independent non-executive Director	None
Professor Lynne Yukie Nakano	Independent non-executive Director	None

Apart from the above, Mr. Taiji Matsumura (松村泰治), a senior executive officer for procurement of our Group, is also the head of the international packaging development division of Nissin Japan. Save as disclosed above, none of our Directors or senior management holds any position in any member of the Nissin Japan Group.

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We are of the view that the management of our Group is capable of operating and functioning independently from the Nissin Japan Group for the following reasons:

- (i) Although Mr. Kiyotaka Ando (安藤清隆) will continue to hold his current positions in the Nissin Japan Group, his roles are non-executive in nature and he will not participate in the day-to-day operations of the Nissin Japan Group. Mr. Kiyotaka Ando (安藤清隆) will devote substantially all of his time to the day-to-day operations and management of our Group.
- (ii) While Mr. Shinji Tatsutani (辰谷真次) will continue to be a director of the Nissin Shanghai Food Safety Institute, his role is non-executive in nature and he will devote substantially all of his time to the day-to-day operations and management of our Group.
- (iii) While Mr. Taiji Matsumura (松村泰治) will continue to be the head of the international packaging development division of Nissin Japan, he will be based in Hong Kong and devote a substantial part of his working hours in his procurement role with our Group. Mr. Taiji Matsumura (松村泰治) performs the said role in Hong Kong for Nissin Japan since it is believed that Hong Kong is a more appropriate forum to collect global up-to-date information on packaging materials for the research and development purpose of the Nissin Japan Group. Due to the different nature of the two roles of Mr. Taiji Matsumura (松村泰治), his role at the Nissin Japan Group will not conflict with the performance of his procurement function in our Group.
- (iv) Our Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director has any decision-making power unless otherwise authorised by our Board.

Each of our Director is aware of the fiduciary duties of a director which require, among other things, that he must act for the benefit and in the best interest of our Company and must not allow any conflict between his duties as our Director and his personal interest. In the event that there is a potential or actual conflict of interests arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) will, in accordance with the requirements of the Listing Rules and the Articles, abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum.

Transferred Employees

During the Track Record Period, our Group has employed certain individuals who previously worked in and were transferred from the Nissin Japan Group (the “**Transfer Arrangement**”). Four of our executive Directors (other than Mr. Kiyotaka Ando (安藤清隆)) and eight members of our senior management (other than Mr. Chow Siu Tat (周少達), Mr. Tse Chi Ping Roy (謝志平) and Mr. 應里風 (Ying Li Feng)) are the Transferred Employees. When the Transferred Employees were transferred to our Group, they entered into separate employment contracts with our Group. With the exception of Mr. Taiji Matsumura (松村泰治), all the Transferred Employees have been working exclusively for our Group after the transfer and they have not been engaged in daily management or operations of the Nissin Japan Group.

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Reason for Nissin Japan to maintain employment relationships with the Transferred Employees

The Transfer Arrangement adopted by Nissin Japan takes the form of Shukkou (in Japanese: 出向) (“**Shukkou**”). As advised by our Japanese legal adviser, under the Japanese labour law system, Shukkou involves an assignment of an employee from his original employing entity to another recipient entity, while maintaining his status as an employee of the original employing entity. Since it is legal to have dual labour contracts with one maintained with the original employing entity and another made with the recipient entity, no termination of the original labour contract is involved. A company does not need to seek the consent of individual employee for Shukkou subject to the fulfilment of the following conditions: (a) establishment by the company of internal rules which in effect form part of the terms of the labour contact. Those rules include rules of employment (stipulating the possibility of Shukkou) and internal rules regarding Shukkou (stipulating the companies to which the employees may be ordered for Shukkou, the terms and conditions of Shukkou etc.); and (b) the said rules must adhere to the fundamental principle that the Shukkou employees should not be put in a substantially disadvantageous position in terms of the remuneration package and other working conditions during the period of Shukkou.

Generally speaking, Shukkou enables Japanese companies to utilize the labour resources in a more efficient manner so as to support their business development under the Japanese legal regime. Accordingly, as far as our Directors are aware, the Transfer Arrangement is a common practice among large Japanese companies. When Nissin Japan transfers its employees to work in an entity within the Nissin Japan Group under the Transfer Arrangement, the Japan employment relationship is maintained while separate employment relationships will be entered into between the Transferred Employees and the entity to which the Transferred Employees are transferred. It enables the Nissin Japan Group to adapt a suitable personnel deployment globally in a practicable manner without the consent of individual employee. Our Group can also benefit from the Transfer Arrangement through which it can source and retain talents with relevant expertise and experiences on a more cost efficient basis.

Because the Japan employment relationship with the Transferred Employees is maintained, during the Track Record Period, Nissin Japan has made contribution to the statutory social insurance in Japan for the Transferred Employees in connection with their Japan employment. As advised by our Japanese legal adviser, social insurance system for workers, in the broad sense, in Japan basically consists of 社会保険 (Social Insurance, in the narrow sense) and 労働保険 (Labour Insurance). Insurance premium of 社会保険 (Social Insurance, in the narrow sense) and 労働保険 (Labour Insurance) are linked to salary of the employees in Japan, and all or part of the insurance premium must be borne by the employers. Maintaining the employment relationship in Japan under Shukkou means that the Japan pension authority will recognize the qualification of the employees as participants who are entitled to make contribution to 社会保険 (Social Insurance, in the narrow sense) and 労働保険 (Labour Insurance).

Further, under the Transfer Arrangement, Nissin Japan has paid wages to the Transferred Employees (the “**Japan Wages**”). The total wages of a Transferred Employee is determined with reference to the benchmark remuneration set for the relevant ranking of his position according to the policy of the Nissin Japan Group. Whereas our Group would pay the local market remuneration to the Transferred Employee (the “**Local Wages**”), the Nissin Japan Group would pay the Japan Wages in such amount equivalent to the difference between the benchmark remuneration and the Local Wages. During the Track Record Period, the amount of wages of the Transferred Employees borne by Nissin Japan Group amounted to approximately HK\$33.9 million, HK\$33.7 million, HK\$36.0 million and HK\$17.7 million for each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

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Arrangement for the Transferred Employees after Listing

In contemplation of the Global Offering, our Group will adopt the following changes to strengthen the managerial independence of our Group from the Nissin Japan Group with effect from Listing:

- (a) our Group will commence paying all the wages of all the Transferred Employees in respect of their position in our Group upon Listing other than the nominal wages required to maintain the Japan statutory social insurance for the Transferred Employees which will be borne by Nissin Japan Group (“**New Wages Arrangement**”);
- (b) the Company will adopt corporate governance measures and policies to manage possible conflict of interest arising from the Transfer Arrangement. The Directors who are Transferred Employees should not vote on any resolution relating to the Transfer Arrangement nor shall such Directors be counted in the quorum present at the Board meeting when considering such resolution; and
- (c) as part of our Group’s initiative to strengthen our foothold in Hong Kong and the PRC after the Listing, our Group will review the operational need from time to time, and where necessary, we will gradually reduce the proportion of the Transferred Employees employed by our Group, and at the same time increase the proportion of employees locally hired by our Group in Hong Kong or in the PRC (as the case may be) to further localize the management structure.

In respect of the New Wages Arrangement, our Directors confirm that while such arrangement will increase our staff costs and administrative expenses after Listing, it will not affect our Company’s suitability for Listing going forward. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, wages of the Transferred Employees which were borne by Nissin Japan amounted to approximately HK\$33.9 million, HK\$33.7 million, HK\$36.0 million and HK\$17.7 million, respectively. Our Directors confirm that we would still be able to satisfy the profits requirement as set out under Rule 8.05(1)(a) of the Listing Rules if such wages were borne by us during the Track Record Period. Our Directors are of the view that the New Wages Arrangement would further strengthen our independence from Nissin Japan.

Moreover, in order to offer greater protection to our Group, on 21 November 2017, we have entered into an agreement with Nissin Food Products Co., Ltd. (i.e. a wholly-owned subsidiary of Nissin Japan) (the “**Transferred Employees Agreement**”) to formalize and govern the Transfer Arrangement in respect of the Transferred Employees whose Japan employment will still be maintained after Listing. The Transferred Employees Agreement will take effect upon Listing and the principal terms of it are set out below:

- (a) the Japan Wages for the Transferred Employees will be borne by our Group apart from the nominal wages required to maintain the Japan statutory social insurance for the Transferred Employees which will be borne by Nissin Japan;
- (b) the remuneration package of the Transferred Employees will be determined by our Group at our absolute discretion with reference to the experience and performance of the Transferred Employees, the prevailing market wages in Hong Kong and the PRC and other factors that our Group may from time to time consider appropriate;

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- (c) the duration of employment of the Transferred Employees with our Group will be solely determined by our Group upon negotiation with the relevant individual Transferred Employee; and
- (d) the Transferred Employees shall devote all of their working hours and attention in their position with our Group during their term of employment with our Group and unless otherwise agreed between our Group and the Nissin Food Products Co., Ltd., the Transferred Employees shall not hold any positions nor be involved in any management or daily operation in the Nissin Japan Group.

Based on the above and having taken into consideration of the following factors, our Directors are of the view that our Group can be managed independently from, and the Transfer Arrangement does not amount to any reliance on the Nissin Japan Group:

- (a) our Group retains a high degree of control over the Transfer Arrangement, including the remuneration package of the Transferred Employees, the duration of employment, the scope of the daily work of the Transferred Employees within our Group and exclusivity of their services to our Group;
- (b) other than Mr. Taiji Matsumura (松村泰治), all the Transferred Employees work exclusively for our Group and they have not been engaged in the day-to-day operation or management of the Nissin Japan Group after they were transferred to our Group. They are only accountable to our Group and not to Nissin Japan Group in the performance of their roles in our Group;
- (c) each of the Transferred Employees has entered into employment contract with our Group and established a direct employment relationship with our Group which is separate from their employment relationship with the Nissin Japan Group under the Japanese law. Accordingly, our Group is entitled to terminate the employment relationship in the event a Transferred Employee materially breaches any of the terms of the employment regulations of our Group or any of the terms of the employment contract with our Group;
- (d) in light of the New Wages Arrangement, and considering that our executive Directors and senior management have been working and will continue to work exclusively for our Group after Listing, it is believed that the management independence is fully bolstered and demonstrated. Given the Board will assume the primary responsibility for promoting the Group's success by taking the leadership role in the operation and management of our Group, and the senior management team will undertake the primary role in executing the decisions of the Board, under such arrangement, the executive Directors and members of senior management who are Transferred Employees are able to exercise unfettered discretion in making decision in the best interest of our Group, and that our Group can be managed independently from the Nissin Japan Group;
- (e) our Group will reduce the proportion of the Transferred Employees in accordance with our operational needs in the future, thereby further strengthening our independence in sourcing suitable personnels with appropriate expertise and industry experience for our Group; and

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- (f) for our continuing connected transactions after Listing, given that our Board can exercise independent and unfettered decision and the transactions will be conducted in compliance with the Listing Rules after the Listing, it is believed that such transactions which are entered into in the ordinary and usual course of business of our Group and on normal commercial terms, will not jeopardize the interest of the minority Shareholders and will be, based on the disclosure stated in the paragraph headed “Operational Independence” in this section and the section headed “Connected Transactions” in this prospectus, beneficial to the Company and its Shareholders as a whole. Further, the continuing connected transactions are not material in size. Out of the twelve continuing connected transactions, four are fully exempt from reporting, announcement and independent Shareholders’ approval requirements under the Listing Rules. The remaining eight are only subject to reporting and announcement requirements but are exempt from independent Shareholders’ approval requirement. It is also believed that the business of our Group is sufficiently safeguarded by the mechanism put in place pursuant to the Deed of Non-competition as explained below such that the Nissin Japan Group is restricted in conducting the Relevant Business in the HK Group Territory except for the Excluded Business. Our Group, on the contrary, is not restricted to conduct the Relevant Business in Nissin Japan Group Territory. In view of the above, we believe our Group can be managed and operated independently from Nissin Japan Group.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group and the Nissin Japan Group, Nissin Japan has executed the Deed of Non-competition in favour of our Company (for itself and as trustee for its subsidiaries).

Pursuant to the Deed of Non-competition, Nissin Japan undertakes that, except for the Excluded Business, it shall not, and shall use its reasonable endeavours to ensure that its subsidiaries shall not, except through us, solely or jointly or through representation of any person, enterprise or company, carry on, engage in or make any investment, whether for profit, reward or otherwise in the Relevant Business within the HK Group Territory.

Nissin Japan has further agreed to undertake to provide an annual confirmation to us and our independent board committee consisting solely of our independent non-executive Directors who do not have a material interest (the “**Independent Board Committee**”) for inclusion in our annual report confirming that the Nissin Japan Group has not breached the terms of the Deed of Non-competition. The Nissin Japan Group will, upon request, provide all information necessary for annual review by our Independent Board Committee and to allow, subject to confidentiality restrictions imposed by third parties, our Company’s representatives and an internationally renowned accounting firm to be appointed by us, access to the financial and corporate records for the Independent Board Committee to determine whether the Deed of Non-competition has been complied with by the Nissin Japan Group. We will disclose decisions on matters reviewed by our Independent Board Committee relating to the enforcement of the Deed of Non-competition in our annual report or, where we consider appropriate, by way of an announcement in compliance with the Listing Rules.

Our decision as to enforcement of the Deed of Non-competition shall be made by the Independent Board Committee and, if it so requires, an independent financial adviser will be appointed to advise the committee.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

New Business Opportunity

Under the Deed of Non-competition, where business opportunities in the HK Group Territory which may compete with the business of our Group arise, Nissin Japan shall, and shall procure its subsidiaries to, give us notice in writing and we shall have a right of first refusal in respect of taking up such business opportunities. Our decision as to whether to exercise the right of first refusal or whether to grant our consent to the relevant member of the Nissin Japan Group to pursue such opportunity shall be subject to the approval of our Independent Board Committee. If the Independent Board Committee so requires, an independent financial adviser and/or an independent business consultant will be appointed to advise the committee. Based on such advice, our Independent Board Committee will decide whether pursuing such opportunity is in the best interests of our Group. If we decide not to pursue such opportunity, an announcement, in compliance with the Listing Rules, will be issued by us setting out the reasons for not exercising such right, in which case the relevant member of the Nissin Japan Group may proceed to pursue such opportunity.

Listing Rules

To the extent that the exercise of the right of first refusal under the Deed of Non-competition will constitute a connected transaction under the Listing Rules, we will comply with the relevant requirements of Chapter 14A of the Listing Rules.

Conflict of Interests

Subject to certain exceptions, our Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest nor shall be counted in the quorum present at the meeting. In addition, with respect to any matter relating to compliance of the Deed of Non-competition or the exercise of the right of first refusal under the Deed of Non-competition, any Director who also holds any executive position or role within the Nissin Japan Group will abstain from voting on such matters nor shall he participate in any of our Board meeting(s) where such matters are discussed, unless his attendance is requested by a majority of our independent non-executive Directors. In such a case, notwithstanding his attendance, he shall not vote or be counted towards the quorum in respect of such matters.

The undertakings mentioned above are conditional upon completion of our Listing. If such condition is not fulfilled on or before 31 December 2017, the Deed of Non-competition shall lapse and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on the earliest of the date on which (i) Nissin Japan Group, ceases to be, directly or indirectly, the single largest Shareholder of our Company; or (ii) any other Shareholder of our Company (other than Nissin Japan Group) together with any parties acting in concert (as defined in the Takeovers Code) with such Shareholder hold, directly or indirectly, more Shares or voting rights of our Company than Nissin Japan Group; (iii) Nissin Japan Group ceases to be a controlling shareholder (as defined under the Listing Rules) of the Company; or (iv) the Shares cease to be listed and traded on the Stock Exchange.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholder undertakes not to compete with us in accordance with the Deed of Non-competition. Our Controlling Shareholder has confirmed that it fully comprehends its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflict of interest. In order to further avoid potential conflict of interest, we have implemented the following measures:

- (a) as part of our preparation for the Listing, we have adopted our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the Board meetings on matters in which such Director or his associates has a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. Our independent non-executive Directors represent one third of the composition of our Board which is in compliance with the Corporate Governance Code of the Listing Rules and they are professionals in different industries. We believe that our independent non-executive Directors will provide a balance of view and independent judgment in the decision making process of our Board and they will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For further details of our independent non-executive Directors, please refer to the section headed "Directors, Senior Management and Employees – Directors – Independent non-executive Directors" in this prospectus;
- (d) we have appointed Mizuho Securities Asia Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance;
- (e) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by Nissin Japan and we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with and the enforcement of the Deed of Non-competition in our annual report; and
- (f) our Controlling Shareholder undertakes to provide all information requested by our Group which is necessary for the annual review by our Independent Board Committee on Nissin Japan's compliance with the Deed of Non-competition.

CONFIRMATION

Based on the above, saved as disclosed, our Controlling Shareholder and Directors confirm that they do not have any interest in a business which competes with or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

FINANCIAL REPORTING AND DISCLOSURE BY NISSIN JAPAN

Nissin Japan publishes its consolidated periodic financial information according to requirements in Japan (the “**Periodic Results**”) including performance of its operation in the PRC and Hong Kong (the “**China Segment**”), which is operated by our Group, on a quarterly basis. In particular, Nissin Japan has published its annual results entitled “Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2017” in May 2017, its quarterly results entitled “Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2017” in August 2017 and its interim results entitled “Summary of Consolidated Financial Statements for the six months (1st Half) ended 30 September 2017” in November 2017, all of which (as well as supplemental information and presentation materials relevant to such annual and quarterly results) contain analysis of the operating results and financial position of Nissin Japan Group, and covered the financial performance/result of the China Segment.

In addition, Nissin Japan published a “Medium Term Business Plan 2021” dated 12 May 2016 (the “**Medium Term Business Plan 2021**”) which presented, amongst other things, review of its target sales performance as set out in the Medium-Term Business Plan 2016 last published in April 2013 and its strategic development and target sales performance on geographical segment, which covered target sales of the Nissin Japan Group in the China Segment for the year 2021. The Periodic Results and the Medium Term Business Plan 2021 are available in the public domain.

Nissin Japan prepares its financial results under JGAAP pursuant to the requirements of the FIEA on a consolidated basis whereas our financial statements are prepared in accordance with HKFRSs. The financial year-end of Nissin Japan and that of our Group are also different. Nissin Japan’s financial year-end falls on 31 March and the financial year end of our Group falls on 31 December. Further, our Group has not endorsed or participated in the preparation of the financial results of Nissin Japan. Such financial results do not necessarily contain financial information which is accurate or precise with respect to our Group as is generally required or intended under the Listing Rules or had such information been prepared by us. Accordingly, while the historical financial results published by Nissin Japan and prepared in accordance with JGAAP contained financial results of the China Segment, investors are advised not to place any reliance on such disclosure which are different from our Group’s financial results as disclosed in this prospectus covering the three financial years ended 31 December 2016 and the six months ended 30 June 2017 prepared pursuant to the HKFRSs.

Both the Periodic Results and the Medium Term Business Plan 2021 contain forward-looking financial estimates and/or management targets relating to the China Segment. Nissin Japan has full and independent discretion as to the determination of such forward-looking information by considering factors which it considers appropriate and relevant for its reporting and disclosure purposes. Forward-looking information involves risks and uncertainties that could significantly affect anticipated results in the future and accordingly, our results may differ from those expressed in any forward-looking statements made by Nissin Japan. Both the Periodic Results and the Medium Term Business Plan 2021 have not been prepared nor presented by us and there is no indication or assurance from us that our actual results will be close to or resemble the forecasted figures contained in it. Investors are advised not to place any reliance on the Periodic Results or the Medium Term Business Plan 2021. Please refer to the section headed “Risk Factors” in this prospectus for more information on these risks and uncertainties.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

In respect of the Periodic Results prepared by Nissin Japan under JGAAP from time to time, we will make announcements as soon as practicable after the publication of the same by Nissin Japan for compliance with requirements under Rule 13.09 of the Listing Rules. Our corresponding announcements will reproduce the relevant Periodic Results (including, without limitation, the relevant operational information and financial information of Nissin Japan's operations in the China Segment prepared under JGAAP), a hyperlink to the relevant announcement published by Nissin Japan, a disclaimer for the Periodic Results, a warning to our Shareholders and potential investors not to place any reliance on the Periodic Results, and commentary on the reasons why investors should not rely on such information. The Sole Sponsor is of the view that by adopting such reporting and disclosure practice, our Company would reasonably be considered to have satisfied the requirements under Rule 13.09 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following completion of the Share Subdivision and the Global Offering (taking no account of any exercise of the Over-allotment Option), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are, directly or indirectly, interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

- **Our Company**

Name of Shareholder	Capacity/Nature	Number of Shares held	Approximate percentage of shareholding
Nissin Japan	Beneficial owner	793,858,000	73.89%

- **Other members of our Group**

- (i) Nissin Koikeya Foods

Name of Shareholder	Capacity/Nature	Number of shares held	Percentage of shareholding
KOIKE-YA	Beneficial owner	3,400,000	34.0%

- (ii) Zhuhai Winner

Name of Shareholder	Capacity/Nature	Percentage of equity interest
Zhuhai S.E.Z. Western Development Co. (珠海經濟特區西部發展總公司)	Beneficial owner	29.55%

- (iii) MCMS

Name of Shareholder	Capacity/Nature	Number of shares held	Percentage of equity interest
Mitsubishi	Beneficial owner	490	49%

Save as disclosed above and in the section headed “Statutory and General Information – C. Further Information about Substantial Shareholders, Directors and Experts” in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or who is directly or indirectly interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

SHARE CAPITAL

The following is a description of total number of Shares of our Company in issue and to be issued as fully paid or credited as fully paid as at the date of this prospectus and immediately after completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

	<u>Number of Shares</u>
Shares in issue prior to the Share Subdivision	20,143,487
Shares in issue after the Share Subdivision and as at the date of this prospectus:	805,739,480

UPON COMPLETION OF THE GLOBAL OFFERING

Assuming the Over-allotment Option is not exercised, our total number of Shares in issue immediately following the Global Offering will be as follows:

	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Shares in issue as at the date of this prospectus	805,739,480	75.0%
Shares to be issued pursuant to the Global Offering	268,580,000	25.0%
Shares in total	1,074,319,480	100%

SHARE SUBDIVISION

In contemplation of the Global Offering, the total number of 20,143,487 issued Shares of our Company were subdivided into 805,739,480 Shares, pursuant to the written resolution of our Shareholders passed on 21 November 2017.

ASSUMPTIONS

The above table assumes that the Global Offering has become unconditional and does not take into account the Shares which may be issued pursuant to any exercise of the Over-allotment Option or of any shares or which may be issued or repurchased pursuant to the General Mandate referred to in Appendix IV to this prospectus or the Repurchase Mandate referred to in Appendix IV to this prospectus, as the case may be. If the Over-allotment Option is exercised in full, 40,287,000 additional Shares will be issued resulting in the number of total enlarged issued shares being 1,114,606,480 Shares.

RANKING

The Shares are ordinary shares in the share capital of the Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE CAPITAL

SHARE AWARD SCHEME

We adopted the Share Award Scheme on 7 March 2016. A summary of the principal terms of the Share Award Scheme is set out in the section headed “Statutory and General Information – D. Share Award Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Assuming the Global Offering becomes unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to allot, issue and deal with Shares, subject to the requirement that the number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued shall not exceed 20% of the total number of Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (without taking into account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This General Mandate to issue Shares will remain in effect until:

- the conclusion of our Company’s next annual general meeting;
- the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or the Companies Ordinance to be held; or
- it is varied or revoked by an ordinary resolution of our Company’s shareholders in general meeting,

whichever is the earliest.

For further details of this General Mandate, please refer to the section headed “Statutory and General Information – A. Further Information about our Company – 4. Written resolutions of our Shareholders” in Appendix IV to this prospectus.

REPURCHASE MANDATE

Subject to the conditions set out in the section headed “Structure and Conditions of the Global Offering – Conditions of the Global Offering” in this prospectus, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase such number of Shares (Shares which may be listed on the Stock Exchange) not exceeding 10.0% of the total number of Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information – A. Further information about our Company – 6. Repurchase of our Shares” in Appendix IV to this prospectus.

SHARE CAPITAL

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our Company's next annual general meeting;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or the Companies Ordinance to be held; or
- it is varied or revoked by an ordinary resolution of our Company's shareholders in general meeting,

whichever is the earliest.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

As part of the International Offering, the Company and the relevant Joint Bookrunners have entered into cornerstone investment agreements with eight cornerstone investors on 23 November 2017, details of which are set out below (each a “**Cornerstone Investor**” and together, the “**Cornerstone Investors**”).

Assuming an Offer Price of HK\$3.45 per Offer Share, being the minimum Offer Price, the Cornerstone Investors have agreed to subscribe for an aggregate of 72,347,000 Offer Shares, representing (a) approximately 6.73% of the total Shares in issue and approximately 26.94% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised and (b) approximately 6.49% of the total number of Shares in issue and approximately 23.42% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full.

Assuming an Offer Price of HK\$3.83 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$3.45 to HK\$4.21 per Offer Share, the Cornerstone Investors have agreed to subscribe for an aggregate of 69,432,000 Offer Shares, representing (a) approximately 6.46% of the total Shares in issue and approximately 25.85% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised and (b) approximately 6.23% of the total number of Shares in issue and approximately 22.48% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full.

Assuming an Offer Price of HK\$4.21 per Offer Share, being the maximum Offer Price, the Cornerstone Investors have agreed to subscribe for an aggregate of 67,044,000 Offer Shares, representing (a) approximately 6.24% of the total Shares in issue and approximately 24.96% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised and (b) approximately 6.02% of the total number of Shares in issue and approximately 21.71% of the total number of Offer Shares, in each case immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full.

The Offer Shares to be delivered to each of the Cornerstone Investors pursuant to the relevant cornerstone investment agreements will rank *pari passu* with all other Shares then in issue and to be listed on the Stock Exchange and will count towards the public float of the Shares.

The Offer Shares to be delivered to the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering or any exercise of the Over-allotment Option, as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

Each Cornerstone Investor is not a connected person of the Company and their respective associates and is not an existing Shareholder. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company.

CORNERSTONE INVESTORS

The Cornerstone Investors (a) will not have any representation on the Board immediately following the completion of the Global Offering, (b) will not subscribe for any Offer Shares pursuant to the Global Offering, other than pursuant to the relevant cornerstone investment agreements and (c) do not have any preferential rights in their respective cornerstone investment agreements compared with other public Shareholders.

Each of the Cornerstone Investors has respectively acknowledged, agreed and confirmed to our Company that our Company will have absolute discretion to change or adjust: (i) number of Shares comprising the Offer Shares or any part thereof; and/or (ii) allocation of Offer Shares to the Hong Kong Public Offering and the International Offering under the Global Offering or any part thereof. Details of the actual allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering expected to be published on Friday, 8 December 2017.

DETAILS OF THE CORNERSTONE INVESTORS

The following tables sets forth certain information regarding the anticipated holding of Offer Shares of the Cornerstone Investors:

Cornerstone Investor (in alphabetical order)	For Cornerstone Investors whose number of Offer Shares will be calculated by (1) the Investment Amount divided by (2) the Offer Price		Based on the Offer Price of HK\$3.45 (being the minimum Offer Price)				Approximate% of total Shares in issue immediately following the completion of the Global Offering	
	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	For Cornerstone Investors whose number of Offer Shares are specified in the respective cornerstone investment agreements		Approximate% of total number of Offer Shares		Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
			Investment Amount (HK\$) (number of Offer Shares multiplied by the Offer Price of HK\$3.45)	Number of Offer Shares	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full		
1. ITOCHU Corporation . . .	JPY500,000,000 [#]	10,063,000 [#]	N/A	N/A	3.75%	3.26%	0.94%	0.90%
2. Kagome Co., Ltd. . . .	HK\$46,000,000	13,333,000	N/A	N/A	4.96%	4.32%	1.24%	1.20%
3. Matsui Miso Limited . . .	N/A	N/A	37,066,800	10,744,000	4.00%	3.48%	1.00%	0.96%
4. Mitsubishi . . .	JPY300,000,000 [#]	5,977,000 [#]	N/A	N/A	2.23%	1.94%	0.56%	0.54%
5. Snow Lake China Master Fund, Ltd. . .	N/A	N/A	31,025,850	8,993,000	3.35%	2.91%	0.84%	0.81%
6. Snow Lake China Master Long Fund, Ltd.	N/A	N/A	6,040,950	1,751,000	0.65%	0.57%	0.16%	0.16%
7. Yau Shing Hong Provisions Limited . . .	N/A	N/A	18,529,950	5,371,000	2.00%	1.74%	0.50%	0.48%
8. Yeo Hiap Seng Limited . . .	N/A	N/A	55,596,750	16,115,000	6.00%	5.22%	1.50%	1.45%

* The investment amount is inclusive of the related brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%.

The number of the Investor Shares are calculated based on the rate of HK\$1.00 to JPY14.4015 on the Latest Practicable Date. The actual number of the Investor Shares shall be calculated and determined by the Sole Global Coordinator using the exchange rate on the Price Determination Date.

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$3.83
(being the mid-point of the indicative
Offer Price range)

Cornerstone Investor (in alphabetical order)	For Cornerstone Investors whose number of Offer Shares will be calculated by (1) the Investment Amount divided by the (2) the Offer Price		For Cornerstone Investors whose number of Offer Shares are specified in the respective cornerstone investment agreements				Approximate% of total Shares in issue immediately following the completion of the Global Offering	
	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Investment Amount (HK\$) (number of Offer Shares multiplied by the Offer Price of HK\$3.83)		Approximate% of total number of Offer Shares		Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised
			Investment Amount (HK\$)	Number of Offer Shares	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised		
1. ITOCHU Corporation . . .	JPY500,000,000 [#]	9,064,000 [#]	N/A	N/A	3.37%	2.93%	0.84%	0.81%
2. Kagome Co., Ltd. . . .	HK\$46,000,000	12,010,000	N/A	N/A	4.47%	3.89%	1.12%	1.08%
3. Matsui Miso Limited . . .	N/A	N/A	41,149,520	10,744,000	4.00%	3.48%	1.00%	0.96%
4. Mitsubishi Snow Lake . . .	JPY300,000,000 [#]	5,384,000 [#]	N/A	N/A	2.00%	1.74%	0.50%	0.48%
5. China Master Fund, Ltd. . . .	N/A	N/A	34,443,190	8,993,000	3.35%	2.91%	0.84%	0.81%
6. Snow Lake China Master Long Fund, Ltd. . . .	N/A	N/A	6,706,330	1,751,000	0.65%	0.57%	0.16%	0.16%
7. Yau Shing Hong Provisions Limited . . .	N/A	N/A	20,570,930	5,371,000	2.00%	1.74%	0.50%	0.48%
8. Yeo Hiap Seng Limited . . .	N/A	N/A	61,720,450	16,115,000	6.00%	5.22%	1.50%	1.45%

* The investment amount is inclusive of the related brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%.

The number of the Investor Shares are calculated based on the rate of HK\$1.00 to JPY14.4015 on the Latest Practicable Date. The actual number of the Investor Shares shall be calculated and determined by the Sole Global Coordinator using the exchange rate on the Price Determination Date.

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$4.21
(being the maximum Offer Price)

Cornerstone Investor (in alphabetical order)	For Cornerstone Investors whose number of Offer Shares will be calculated by (1) the Investment Amount divided by the (2) the Offer Price		For Cornerstone Investors whose number of Offer Shares are specified in the respective cornerstone investment agreements		Approximate% of total number of Offer Shares		Approximate% of total Shares in issue immediately following the completion of the Global Offering	
	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Investment Amount (HK\$) (number of Offer Shares multiplied by the Offer Price of HK\$4.21)	Number of Offer Shares	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
1. ITOCHU Corporation . . .	JPY500,000,000 [#]	8,246,000 [#]	N/A	N/A	3.07%	2.67%	0.77%	0.74%
2. Kagome Co., Ltd. . . .	HK\$46,000,000	10,926,000	N/A	N/A	4.07%	3.54%	1.02%	0.98%
3. Matsui Miso Limited . . .	N/A	N/A	45,232,240	10,744,000	4.00%	3.48%	1.00%	0.96%
4. Mitsubishi . . .	JPY300,000,000 [#]	4,898,000 [#]	N/A	N/A	1.82%	1.59%	0.46%	0.44%
5. Snow Lake China Master Fund, Ltd. . . .	N/A	N/A	37,860,530	8,993,000	3.35%	2.91%	0.84%	0.81%
6. Snow Lake China Master Long Fund, Ltd.	N/A	N/A	7,371,710	1,751,000	0.65%	0.57%	0.16%	0.16%
7. Yau Shing Hong Provisions Limited . . .	N/A	N/A	22,611,910	5,371,000	2.00%	1.74%	0.50%	0.48%
8. Yeo Hiap Seng Limited . . .	N/A	N/A	67,884,150	16,115,000	6.00%	5.22%	1.50%	1.45%

* The investment amount is inclusive of the related brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%.

The number of the Investor Shares are calculated based on the rate of HK\$1.00 to JPY14.4015 on the Latest Practicable Date. The actual number of the Investor Shares shall be calculated and determined by the Sole Global Coordinator using the exchange rate on the Price Determination Date.

We set forth below brief description of the Cornerstone Investors in alphabetical order.

ITOCHU Corporation

ITOCHU Corporation has agreed to subscribe at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of JPY500,000,000. For illustrative purposes only, based on the rate of HK\$1.00 to JPY14.4015 on the Latest Practicable Date, it is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the number of Offer Shares that ITOCHU Corporation will subscribe for will be 10,063,000 Shares, 9,064,000 Shares and 8,246,000 Shares respectively, representing (A) approximately 0.94%, 0.84% and 0.77% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, and (B) approximately 0.90%, 0.81% and 0.74% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full. The actual number of Investor Shares shall be calculated and determined by the Sole Global Coordinator using the exchange rate on the Price Determination Date.

ITOCHU Corporation 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 and the NASDAQ Stock Market with the stock code ITOCY.

CORNERSTONE INVESTORS

ITOCHU Corporation 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.

ITOCHU Corporation is the holding company of one of our top 5 customers and an investor of one of our top 5 customers during the Track Record Period.

Kagome Co., Ltd.

Kagome Co., Ltd. has agreed to subscribe at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of HK\$46,000,000. It is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the number of Offer Shares that Kagome Co., Ltd. will subscribe for will be 13,333,000 Shares, 12,010,000 Shares and 10,926,000 Shares respectively, representing (A) approximately 1.24%, 1.12% and 1.02% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, and (B) approximately 1.20%, 1.08% and 0.98% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full.

Kagome Co., Ltd. is a corporation incorporated under the laws of Japan whose businesses include the development, production, sales, and service of its products in the foods and beverages business, such as vegetable drinks, fruit drinks, fresh vegetables, seasonings and heat-and-serve meals. It is a company listed on the Tokyo Stock Exchange with the stock code 2811.

Since March 2017, our Group started to distribute beverages products of Kagome in Hong Kong and Macau through our subsidiary, MCMS.

Matsui Miso Limited

Matsui Miso Limited has agreed to subscribe, at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for 10,744,000 Offer Shares. It is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the investment amount payable by Matsui Miso for the said Offer Shares will be HK\$37,066,800, HK\$41,149,520 and HK\$45,232,240 respectively. Such Offer Shares represents (A) approximately 1.00% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming that Over-allotment Option is not exercised; and (B) approximately 0.96% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming that Over-allotment Option is exercised in full.

CORNERSTONE INVESTORS

Matsui Miso Limited is a private investment company and its ultimate beneficial owner is Mr. Kenichi Matsui. It owns Kyodaigomiso Co., Ltd (Founded in 2002), Nagano Miso Co., Ltd (Founded in 1736), Dalian Jingang Food Co., Ltd (Founded in 1993). Subsidiaries of Matsui Miso Limited manufacture and supply food products such as Japanese-inspired flavoring materials for fisheries and meat process plants, soup, miso and curry. Matsui Miso Limited owns three factories in Japan, four factories in outside Japan, and 19 alliance factories, and in total 17 companies and supplies products in Japan, Hong Kong, China, Singapore, Malaysia and Vietnam through major affiliates, Matsui Miso Co., Ltd (Founded in 1914) and Dalian Songjing Food Co., Ltd (Founded in 1996) and subsidiaries.

Mitsubishi

Mitsubishi has agreed to subscribe at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of JPY300,000,000 less the related brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. For illustrative purposes only, based on the rate of HK\$1.00 to JPY14.4015 on the Latest Practicable Date, it is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the number of Offer Shares that Mitsubishi will subscribe for will be 5,977,000 Shares, 5,384,000 Shares and 4,898,000 Shares respectively, representing (A) approximately 0.56%, 0.50% and 0.46% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, and (B) approximately 0.54%, 0.48% and 0.44% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full. The actual number of Investor Shares shall be calculated and determined by the Sole Global Coordinator using the exchange rate on the Price Determination Date.

Mitsubishi is a corporation incorporated under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange with the stock code 8058.

Mitsubishi's subsidiaries and affiliates are diverse organizations engaged in a wide variety of activities on a global scale. Mitsubishi group manufactures and markets a wide range of products, including energy, metals, machinery, chemicals and living essentials through our domestic and overseas network. They are involved in diverse businesses by actively investing in areas such as natural resources development and infrastructure, as well as finance businesses.

Mitsubishi group is also engaged in diversified businesses such as creating new business models in the fields of new energy and the environment, and new technology-related businesses.

Mitsubishi is the holding company of one of our top 5 customers and top 5 suppliers during the Track Record Period. Mitsubishi is also a substantial shareholder of our subsidiary, namely MCMS. Since MCMS is qualified as an insignificant subsidiary of our Company by virtue of Rule 14A.09 of the Listing Rules, Mitsubishi is not a connected person of our Company.

CORNERSTONE INVESTORS

Snow Lake China Master Fund, Ltd.

Snow Lake China Master Fund, Ltd. has agreed to subscribe at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for 8,993,000 Offer Shares. It is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the investment amount payable by Snow Lake China Master Fund, Ltd. will be HK\$31,025,850, HK\$34,443,190 and HK\$37,860,530 respectively. Such Offer Shares represents (A) approximately 0.84% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, and (B) approximately 0.81% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full.

Snow Lake China Master Fund, Ltd. is exempted company established under the laws of Cayman Islands and it is principally engaged in equity investment.

Snow Lake Capital (HK) Limited is the investment advisor of Snow Lake China Master Fund, Ltd., and is a company incorporated under the laws of Hong Kong with limited liability. Snow Lake Capital (HK) Limited is an asset management firm, and is a corporation licensed under the SFO and permitted to carry out Type 9 (asset management) regulated activities (as defined in the SFO).

Snow Lake China Master Long Fund, Ltd.

Snow Lake China Master Long Fund, Ltd. has agreed to subscribe at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for 1,751,000 Offer Shares. It is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the investment amount payable by Snow Lake China Master Long Fund, Ltd. will be HK\$6,040,950, HK\$6,706,330 and HK\$7,371,710 respectively. Such Offer Shares represents (A) approximately 0.16% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, and (B) approximately 0.16% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full.

Snow Lake China Master Long Fund, Ltd. is exempted company established under the laws of Cayman Islands and it is principally engaged in equity investment.

Snow Lake Capital (HK) Limited is the investment advisor of Snow Lake China Master Long Fund, Ltd., and is a company incorporated under the laws of Hong Kong with limited liability. Snow Lake Capital (HK) Limited is an asset management firm, and is a corporation licensed under the SFO and permitted to carry out Type 9 (asset management) regulated activities (as defined in the SFO).

CORNERSTONE INVESTORS

Yau Shing Hong Provisions Limited

Yau Shing Hong Provisions Limited has agreed to subscribe at the Offer Price (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), for 5,371,000 Offer Shares. It is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the investment amount payable by Yau Shing Hong Provisions Limited for the said Offer Shares will be HK\$18,529,950, HK\$20,570,930 and HK\$22,611,910 respectively. Such Offer Shares represents (A) approximately 0.50% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming that Over-allotment Option is not exercised; and (B) approximately 0.48% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming that Over-allotment Option is exercised in full.

Yau Shing Hong Provisions Limited is a company incorporated under the laws of Hong Kong with limited liability in 1972. Its principal activities are trading of provisions and general merchandise. Its principal activities include acting as an agent of wholesale foreign brand-named products to retailing chains in Hong Kong. Its key target clients are supermarkets in Hong Kong. Its main products are cup noodles, instant noodles and other related products of our Group, canned fishes, beer, Chinese wines, rice powder, spaghetti, cigarette and tobacco and its major revenue generator are canned fishes, Chinese wines (e.g. rice wine) and products of our Group. Its major markets include China, Hong Kong, Japan, Korea, Scandinavia, Southeast Asia, Taiwan and Western Europe.

Yau Shing Hong Provisions Limited is controlled by (1) Sum Chow Enterprises Limited, which is ultimately controlled by Mr. Shum Chai Keung and Mr. Sham Chai Fuk, Dominic, and (2) Seung Yin Enterprises Limited, which is ultimately controlled by Leung Seung. Yau Shing Hong Provisions Limited is also a customer of our Group.

Yeo Hiap Seng Limited

Yeo Hiap Seng Limited has agreed to subscribe at the Offer Price for 16,115,000 Offer Shares. It is expected that at the Offer Price of HK\$3.45, HK\$3.83 and HK\$4.21 (being the minimum, mid-point and the maximum of the indicative Offer Price range, respectively), the investment amount payable by Yeo Hiap Seng Limited for the said Offer Shares shall be HK\$55,596,750, HK\$61,720,450 and HK\$67,844,150 respectively. Such Offer Shares represents (A) approximately 1.50% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, and (B) approximately 1.45% of the total Shares in issue of the Company immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full.

Yeo Hiap Seng Limited is incorporated and domiciled in Singapore and is listed on the Singapore Exchange (stock code – SGX:Y03) whose business includes the manufacturing, marketing, distribution, sale, and export of food and beverage products in Singapore, Malaysia, Cambodia, and internationally. It offers Asian drinks, ready-to-drink tea, soy drinks, and juice drinks; and culinary sauces, culinary pastes, condiments, canned curries, instant noodles and vermicelli, spreads, and canned and jar food products. Yeo Hiap Seng Limited's food and beverage products under the name "Yeo's" is one of Singapore's oldest homegrown brands. Yeo Hiap Seng Limited also owns and leases properties. Yeo Hiap Seng Limited is a subsidiary of Far East Organization Pte. Ltd., being one of the largest private property developer in Singapore.

CORNERSTONE INVESTORS

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe, and the obligation of the Company to issue and deliver, the Offer Shares pursuant to the relevant cornerstone investment agreement is conditional upon the following:

- (a) the Underwriting Agreements
 - (i) have been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) by no later than the time and date as specified therein;
 - (ii) having not been terminated in accordance with their respective terms and conditions;
- (b) the Listing Committee having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked;
- (c) no laws having been enacted or promulgated by any governmental authority which prohibit the consummation of the closing under the relevant cornerstone investment agreements and there having been being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting the consummation of such closing; and
- (d) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor and the Company in the relevant cornerstone investment agreements remaining accurate, complete, true and not misleading in any respect and there being no breach of the relevant cornerstone investment agreements by the relevant Cornerstone Investor or by the Company.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has undertaken that without the prior written consent of the Company and the relevant Joint Bookrunner, it will not, and, if applicable, will procure its wholly-owned subsidiary taking up the Shares under the relevant cornerstone investment agreement not to:–

- (i) offer, pledge, charge, sell, lend, transfer, mortgage, contract to sell, sell any options or contract to purchase, purchase any options or contract to sell, grant or agree to grant any options, rights or warrants to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interests in the Shares to be subscribed by the Cornerstone Investor pursuant to the relevant cornerstone investment agreement and any Shares or other securities of the Company derived therefrom (the “**Relevant Shares**”) or any securities convertible into or exercisable or exchangeable for, or that represent any rights to receive, Relevant Shares at any time during the period of six months from the Listing Date (the “**Cornerstone Investor’s Lock-up Period**”);

CORNERSTONE INVESTORS

- (ii) enter into any swaps or other arrangements that transfer to another, in whole or in part, any economic consequences of ownership of the Relevant Shares at any time during the Lock-up Period;
- (iii) enter into any transactions directly or indirectly with the same economic effect as any transactions described in (i) and (ii) at any time during the Lock-up Period;
- (iv) publicly announce any intention to enter into any transactions described in (i) to (iii) at any time during the Lock-up Period;
- (v) agree or contract to do any of the above in (i) to (iv) during the Lock-up Period.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and be subject to the restrictions on disposal of Relevant Shares imposed on such Cornerstone Investor.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information, including the accompanying notes thereto, set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS. The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depend on a number of risks and uncertainties over which we do not have control. Please also see the sections headed “Risk Factors” and “Forward-looking Statements” in the prospectus.

OVERVIEW

We are 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 market. We also manufacture and sell high quality frozen food products, including frozen dim sum and frozen noodles, and sell other food and beverage products, including retort pouch, snack food products, mineral water and sauce products. According to Frost & Sullivan, we have been the largest instant noodle company in Hong Kong for the past five years, and accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. In the PRC, while we were the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.8% and 1.4% of the total PRC instant noodle market in terms of retail sales value and sales volume in 2016, respectively, we ranked second in the PRC premium instant noodle market in terms of retail sales value in 2016, accounting for approximately 19.8% of the total PRC premium instant noodle market, according to Frost & Sullivan. Further, according to Frost & Sullivan, we were also the second largest frozen dim sum company in Hong Kong, accounted for approximately 25.2% and 23.8% of the total Hong Kong frozen dim sum market in terms of retail sales value and retail sales volume in 2016, respectively.

Established by Nissin Japan, we started our business in Hong Kong in 1984 and gradually expanded into the PRC market. Throughout the years, we have primarily engaged in the manufacture and sales of premium instant noodle and high quality frozen food and other food products under our two core corporate brands, namely “NISSIN (日清)” (NISSIN) and “DOLL (公仔)” (公仔). Our five flagship product brands, namely “Cup Noodles (合味道)” (合味道), “Demae Iccho (出前一丁)” (出前一丁), “Doll Instant Noodle (公仔麵)” (公仔麵), “Doll Dim Sum (公仔點心)” (公仔點心) and “Fuku (福)” (福), together with a number of successfully developed key products, have allowed us to enjoy high popularity and recognition among consumers and achieve strong business performance in Hong Kong and the PRC. In order to further expand our product portfolio in Hong Kong and Macau, we also acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products under a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS.

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Our revenue increased by approximately 3.7% from approximately HK\$2,536.0 million for the year ended 31 December 2014 to approximately HK\$2,628.7 million for the year ended 31 December 2015 and further to HK\$2,629.9 million for the year ended 31 December 2016, representing a CAGR of approximately 1.8%. Our revenue also increased from approximately HK\$1,323.0 million for the six months ended 30 June 2016 to approximately HK\$1,343.8 million for the six months ended 30 June 2017. As our consolidated financial statements are prepared in HK dollars, the results and financial position of our PRC subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. For the year ended 31 December 2014 to the year ended 31 December 2016, our revenue in the PRC translated from Renminbi to HK dollars increased by approximately 6.8%, while excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 15.5% for the same period. For the six months ended 30 June 2016 to the six months ended 30 June 2017, although our revenue in the PRC translated from Renminbi to HK dollars decreased by approximately 3.6%, excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 1.0% for the same period. For the purpose to illustrate the effect of foreign exchange on our historical financial statements by retranslating the revenue of our PRC subsidiaries in its functional currency to the presenting currency of our Group using the average exchange rate same as that in the preceding year, our revenue would additionally increase by (i) approximately 0.9% for the year ended 31 December 2014 to the year ended 31 December 2015; and (ii) approximately 3.6% for the year ended 31 December 2015 to the year ended 31 December 2016.

Our profit for the years ended 31 December 2014, 2015 and 2016 was approximately HK\$172.8 million, HK\$116.2 million and HK\$107.2 million, respectively. The decrease in our profit for the year ended 31 December 2015 was primarily due to our loss on disposal of our entire equity interest in Jinmailang in that year. The decrease in our profit for the year ended 31 December 2016 was primarily due to our other expenses incurred as a result of ceasing operation and closing down of our Songjiang Production Plant. For more details of our disposal of equity interest in Jinmailang and termination of the Songjiang Production Plant, please refer to the sections headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (1) Disposals of Jinmailang” and “Business – Production – Production plants” in this prospectus. Our profit decreased from approximately HK\$115.1 million for the six months ended 30 June 2016 to approximately HK\$102.6 million for the six months ended 30 June 2017. Such decrease was primarily due to the increase in our cost of sales and hence decrease in our gross profit as a result of our increased outsourcing and/or procurement cost of other branded products following our acquisition of 51.0% equity interest of MCMS. For more details, please refer to the section headed “Financial Information – Principal income statement components – Cost of sales” in this prospectus. For the purpose to illustrate the effect of foreign exchange on our historical financial statements by retranslating the segment result of our PRC subsidiaries in its functional currency to the presenting currency of our Group using the average exchange rate same as that in the preceding year, our total segment profit for the year would additionally increase by (i) approximately 1.1% for the year ended 31 December 2014 to the year ended 31 December 2015; and (ii) approximately 4.3% for the year ended 31 December 2015 to the year ended 31 December 2016.

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BASIS OF PRESENTATION

We are a private limited company incorporated in Hong Kong. Our immediate and ultimate holding company is Nissin Japan, a company incorporated in Japan with its shares listed on the Tokyo Stock Exchange.

On 1 January 2014, we acquired 74.0% equity interest of Winner Food from Nissin Japan by issuing and allotting new shares to Nissin Japan (the “**Restructuring**”). Winner Food directly holds equity interests in Gangyongnan and Zhuhai Winner before and after the Restructuring, as well as throughout the Track Record Period. Upon the completion, we became the holding company of Winner Food. Our Company and Winner Food have been under common control of Nissin Japan before and after the Restructuring, as well as throughout the Track Record Period. Therefore, our Group resulting from the Restructuring are regarded as continuing entities. On 22 December 2014, we further acquired the remaining 26.0% of the equity interest in Winner Food from a third party. Upon completion, Winner Food became the wholly-subsiary of our Company as at 31 December 2014.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period as set out in Appendix I to this prospectus were prepared as if the current group structure had been in existence through the Track Record Period. All intra-group transactions and balances from intra-group transactions have been eliminated on consolidation. The financial information are presented in HK\$, which is also the functional currency of our Group.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition and results of operations have been, or may expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain of the key factors is set out below.

Brand recognition

We currently sell our products of various product brands under our two core corporate brands, namely “NISSIN (日清)” () and “DOLL (公仔)” (). We believe that the popularity of these brands has helped us to attract our target consumers and position us as a renowned food company in Hong Kong and the PRC. According to Frost & Sullivan, products offered under our five flagship product brands, namely “Cup Noodles (合味道)” (), “Demae Iccho (出前一丁)” (), “Doll Instant Noodle (公仔麵)” (), “Doll Dim Sum (公仔點心)” () and “Fuku (福)” () are also among the most popular choices in their respective food product categories in Hong Kong. As such, we believe that market recognition of our brands is critical to our success as market acceptance of our brands may affect the market demand for our products, retail prices and the profit margin we are able to achieve, and our ability to further grow our business.

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For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our marketing and advertising expenses amounted to approximately HK\$45.9 million, HK\$42.4 million, HK\$50.7 million and HK\$6.7 million, respectively. In future, we intend to devote more resources in our marketing and advertising activities with multi-faceted marketing strategies, including traditional advertising channels, such as print and television media, in-store promotional campaigns, workshops and pop-up stores, as well as social network activities and event sponsorships targeting younger generation to increase the recognition and awareness of our brands and products by consumers, in particular, by the younger generations. Our success will depend on our ability to continue to enhance the awareness of our brands. If we are unable to promote our brands or fail to maintain our current brand position, market perception and consumer acceptance of our brands may be eroded, and our business, results of operations and financial conditions may be materially and adversely affected.

Consumer demand for our food products

Our results of operations are affected by consumer demand for our instant noodle, frozen food and other food and beverage products in Hong Kong and the PRC, which is largely affected by the economic growth, rising individual income and changing consumers' preferences and tastes in Hong Kong and the PRC. We expect that increased consumer purchasing power in the PRC and growth of the PRC economy will promote spending on the premium instant noodle and high quality frozen food products, and that demand for our products in the PRC will continue to grow in the near future and drive the growth in our revenue.

Demand for our products is also influenced by consumers' arising health awareness and perceptions of the safety and quality of our products. Consumers' confidence in food safety and quality in Hong Kong and the PRC will have an impact on our business, results of operations and financial condition. Increasing food safety concerns in the PRC and media coverage regarding the safety and quality of food products, including the raw materials and additives used or processes involved in production, may continue to influence consumers' confidence in our products. In order to address concerns regarding food safety and quality, we have implemented stringent quality control procedures and will continue to enhance our internal control measures with respect to food safety.

Cost of raw materials

Most of the raw materials used in our business are commodities, such as wheat flour and palm oil. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, purchases of our raw materials (including packaging materials) accounted for approximately 67.8%, 66.2%, 65.7% and 51.7% of our total cost of sales, respectively. Although fluctuation of market prices of our key raw materials used to produce instant noodle products had not caused material impact on our cost of raw materials during the Track Record Period, we may experience increasing price trends for our key raw materials caused by external conditions, commodity market fluctuations, currency fluctuations, production and logistics costs and changes in governmental regulations and policies in the future, according to Frost & Sullivan. Unexpected commodity price increases may also result in increases in the costs of our raw materials, and we may not be able to increase the prices of our products to offset these increased costs without suffering reduced retail sales volume, revenue and operating income.

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Product mix and pricing of our products

Our results of operations and financial condition are affected by our product mix and the pricing of our products. We currently offer a wide portfolio of instant noodle, frozen food and other food products under our two corporate brands. Generally, our cup and bowl-type instant noodle products have higher prices than our bag-type instant noodle products. We intend to further strengthen our product portfolio by incorporating advancements into our existing product offering as well as developing new products catering to the changing consumers' preferences and tastes. Further, upon completion of our acquisition of 51.0% equity interest of MCMS in March 2017, we started to distribute various beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS. We aim to continue to adjust our product mix in an effort to expand our business and improve our market position and results of operations.

Our revenue and profitability are also affected by the pricing of our products, which is determined by factors such as, prevailing market conditions, bargaining power of the retailers, our promotional and marketing and advertising expenses, cost of our research and development, cost of our raw materials, cost of production and competitors' prices for similar products. In particular, we typically reimburse the promotional expenses incurred by the sub-distributors and our own retailers for their promotional activities of our products in supermarkets and hyperstores. The decrease of such promotional expenses we reimburse to the sub-distributors and our retailers may result in an increase in the retail prices in general and a decrease in sales volume of our products, which in turn, may affect our revenue. For more details of our promotional expenses reimbursed to the sub-distributors and our retailers, please refer to the sections headed "Business – Sales and marketing – Our customers – Incentives and promotional expenses for sub-distributors – Promotional expenses reimbursement", "Business – Sales and marketing – Our customers – Retailers" and "Financial Information – Principal income statement components – Selling and distribution costs" in this prospectus.

Foreign exchange

Our consolidated financial statements are prepared in HK dollars. In connection with the preparation of our consolidated financial statements, the results and financial position of our PRC subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. Fluctuations in the value of these exchange rates from one year to the next impact our consolidated results and financial position and, depending on the magnitude of these fluctuations, could obscure underlying trends that would have been apparent if consolidated financial statements had been prepared on a constant currency basis. During the Track Record Period, the exchange difference (our foreign exchange losses) arising on the translation of our PRC subsidiaries' results and financial position increased from approximately HK\$2.7 million for the year ended 31 December 2014 to approximately HK\$99.5 million for the year ended 31 December 2015 and further to approximately HK\$110.5 million for the year ended 31 December 2016, which were recognised under other comprehensive income. Such foreign exchange difference was arising from the translation of the financial statements of our PRC subsidiaries with RMB as their functional currency to the presentation currency of the Group, i.e. HK\$, which was accumulated under the "translation reserve". The exchange differences accumulated in "translation reserve" were reclassified to profit or loss only upon disposal of our PRC subsidiaries. For more detail, please refer to I-4 of the accountants' report in Appendix I to this prospectus.

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Further, as we also sell a small portion of our products to and purchase some raw materials and/or finished goods from overseas, and hold bank balances in foreign currency, any appreciation/depreciation of other currencies against HK dollars for our Company and the Hong Kong subsidiaries or RMB for our PRC subsidiaries may also materially and adversely affect our future business, results of operations and financial condition. Such net foreign exchange gains or losses were recognised in profit or loss throughout the Track Record Period, comprising both realised and unrealised exchange differences. The exchange differences arising from the settlement of the corresponding account receivables/payables (if the amount was settled during the Track Record Period) were considered to be the “realised exchange difference” while the exchange difference arising from the re-translation of the foreign currency account receivables balances (if the amount was not yet settled as at the end date of each of the reporting period) were considered to be “unrealised exchange difference”. For the years ended 31 December 2014, 2015 and 2016, we recorded foreign exchange losses of approximately HK\$1.6 million, HK\$7.0 million and HK\$10.4 million, respectively, which were recognised under other gains and losses in the profit or loss. For more details, please refer to note 8 to our consolidated statements of profit or loss and other comprehensive income on pages I-30 to I-31 of the accountants’ report in Appendix I to this prospectus.

Seasonality

We experience seasonal fluctuations in our revenue and operating income for our products. We generally record higher revenue for our products during the holiday seasons, such as the Chinese New Year holidays and the National Day holidays, and also during the winter season as consumers tend to consume more hot food products. The seasonal nature of our products causes specific production lines to operate at levels approaching full capacity during certain times of the year. As a result, any comparisons of our sales and operating results between different periods within a single financial year are not necessarily meaningful and cannot be relied on as indicators of our performance. Our results of operations are likely to continue to fluctuate due to seasonality.

Competition

In addition, according to Frost & Sullivan, as more PRC or foreign instant noodle manufacturers are actively entering into the Hong Kong instant noodle market and endeavor to increase their market presence, and the increasing consumption of premium instant noodles by the PRC consumers may also gradually eliminate instant noodle manufacturers who are not able to upgrade their products, competition in both Hong Kong and the PRC instant noodle markets are expected to intensify, which may pose challenges to our market share and reduce our sales, prices and gross profit margin and materially and adversely affect our business, financial condition and results of operations.

According to Frost & Sullivan, we were the largest instant noodle company in Hong Kong, accounted for approximately 65.3% and 62.6% of the total Hong Kong instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. The instant noodle market in Hong Kong is relatively matured. In the PRC, the instant noodle market is led by a small number of major players. According to Frost & Sullivan, we were the fifth and sixth largest instant noodle company in the PRC, accounted for approximately 2.8% and 1.4% of the total PRC instant noodle market in terms of retail sales value and retail sales volume in 2016, respectively. We currently compete primarily with several foreign and domestic instant noodle manufacturers in the PRC on the basis of product portfolio, product quality, research and development capabilities, sales and distribution network and pricing.

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Our production capacities

Due to the current constraints on areas of our production plants and optimal production speeds reached by our various production machinery and equipment, certain of our production plants are reaching their design production capacities. For example, the utilisation rate of our Nissin Plant and Zhuhai Production Plant, both being the production plants for our instant noodles, had reached approximately 90.6%, 84.6% and 83.0% and 108.5%, 118.2% and 101.5% for the years ended 31 December 2014, 2015 and 2016, respectively, even though we had adjusted their production line allocation and/or operating hours and production speed. As such, we constructed our Xiamen Production Plant in 2016 and Pinghu Production Plant in 2017 to meet the growing demand of our customers as we continued to expand our business. For further details, please refer to the sections headed “Business – Production – Production plants” and “Business – Production – Our expansion plan” and “Financial Information – Capital expenditures – Planned capital expenditures” in this prospectus.

We believe that our future operating results will depend on our ability to maintain sufficient operation at our production plants. If we are unable to maintain high utilisation rates at our production plants, or if we are not able to manufacture sufficient products to meet the orders of our customers, our business, results of operations and financial condition may be materially and negatively affected.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

We have made certain accounting judgements, estimates and assumptions in the process of applying our accounting policies. Actual results may differ from these estimates under different assumptions and conditions. When reviewing our consolidated financial statements, you should consider (i) our selection of significant accounting policies; (ii) the judgement and assumptions affecting the application of such policies; and (iii) the sensitivity or reported results to change in conditions and assumptions. We set out below some of those accounting policies, judgements, estimates and assumptions used in the preparation of our financial statements. Our significant accounting policies, judgements, estimates and assumptions, which are important for an understanding of our results of operations and financial condition, are set out in more details in notes 3, 4 and 5 to the accountants’ report in Appendix I to this prospectus.

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RESULTS OF OPERATIONS

The following table sets out the consolidated statements of profit or loss for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Revenue	2,535,984	2,628,663	2,629,905	1,322,998	1,343,783
Costs of sales	(1,670,503)	(1,633,323)	(1,588,722)	(802,567)	(860,458)
Gross profit	865,481	995,340	1,041,183	520,431	483,325
Other income	31,734	36,446	31,583	20,082	14,909
Selling and distribution costs . . .	(477,548)	(572,785)	(607,088)	(284,077)	(265,682)
Administrative expenses	(128,529)	(135,946)	(143,724)	(68,134)	(80,935)
Other expenses	(19,316)	(36,975)	(82,431)	(20,984)	(12,606)
Other gains and losses.	(40,682)	(18,503)	(71,854)	(15,599)	(5,227)
Loss on disposal of available-for-sale investments	–	(85,002)	–	–	–
Profit before taxation	231,140	182,575	167,669	151,719	133,784
Income tax expenses	(58,380)	(66,397)	(60,517)	(36,630)	(31,227)
Profit for the year/period	172,760	116,178	107,152	115,089	102,557
Profit for the year attributable to:					
Owners of the Company	149,487	101,268	90,762	106,741	91,620
Non-controlling interests	23,273	14,910	16,390	8,348	10,937
	<u>172,760</u>	<u>116,178</u>	<u>107,152</u>	<u>115,089</u>	<u>102,557</u>
Other financial measure					
EBITDA⁽¹⁾	320,930	347,446	368,185	202,490	181,816
Adjusted net income⁽²⁾	170,684	201,816	198,361	114,713	93,620

Notes:

- (1) EBITDA is a non-HKFRS measurement which is used by the management to assess performance of operating segments, allocate resources and make strategic decisions. The measurement basis of EBITDA is defined as net profit before income tax expenses, other losses, other expenses, loss on disposal of available-for-sale investments, other income, depreciation of property, plant and equipment, amortisation of trademark and amortisation of prepaid lease payments for leasehold land. This also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain or loss on remeasurement of contingent consideration payable.
- (2) Adjusted net income is a non-HKFRS financial measurement which eliminates the effect of a number of non-recurring costs and charges and certain of other non-cash charges that affect our reported net income, including but not limited to, (i) impairment losses and other expenses attributable to the ceased operation and closing-down of our Songjiang Production Plant; (ii) impairment losses attributable to the reduction in recoverable value of certain production machinery and equipment in Wintai Plant and Zhuhai Production Plant; (iii) impairment losses attributable to the trademark of our Fuku brand; (iv) expenses relating to the restructuring of Nissin China Holding; (v) losses on sale of certain available-for-sale investments; (vi) write-down of inventories held by Shanghai Nissin due to the ceased operation and closing-down of our Songjiang Production Plant; and (vii) listing expenses, and excludes any tax effects related to the preceding adjustments.

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The following table sets out a reconciliation from our profit for the year to EBITDA for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the year/period	172,760	116,178	107,152	<i>(Unaudited)</i> 115,089	102,557
<i>(Plus)/minus:</i>					
<i>Income tax expenses</i>	(58,380)	(66,397)	(60,517)	(36,630)	(31,227)
<i>Others gains and losses</i>	(40,682)	(18,503)	(71,854)	(15,599)	(5,227)
<i>Other expenses</i>	–	(15,546)	(57,133)	(7,972)	(658)
<i>Loss on disposal of available-for-sale investments</i>	–	(85,002)	–	–	–
<i>Other income</i>	31,734	36,446	31,583	20,082	14,909
<i>Depreciation of property, plant and equipment</i>	(74,122)	(76,579)	(90,780)	(44,558)	(53,784)
<i>Amortisation of trademark</i>	(4,893)	(3,231)	(3,231)	(1,615)	(1,615)
<i>Amortisation of prepaid lease payments for leasehold land.</i>	(1,827)	(2,456)	(9,101)	(1,109)	(1,657)
EBITDA	320,930	347,446	368,185	202,490	181,816

The following table sets out a reconciliation from our profit for the year to adjusted net income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year/period	172,760	116,178	107,152	<i>(Unaudited)</i> 115,089	102,557
Profit attributable to non-controlling interests.	23,273	14,910	16,390	8,348	10,937
Profit attributable to equity holders.	149,487	101,268	90,762	106,741	91,620
<i>(Plus)/minus:</i>					
<i>Impairment loss of fixed assets attributable to the ceased operation and close-down of Songjiang Production Plant.</i>	–	–	(29,313)	–	(1,342)
<i>Impairment loss of fixed assets attributable to reduction in recoverable value of production machinery and equipment in Wintai Plant and Zhuhai Production Plant.</i>	–	–	(13,573)	–	–
<i>Impairment loss on trademark of Fuku brand.</i>	(21,197)	–	–	–	–
<i>Expenses relating to the restructuring of Nissin China Holding</i>	–	(9,309)	–	–	–
<i>Expenses relating to the ceased operation and close-down of Songjiang Production Plant</i>	–	–	(36,048)	–	–
<i>Loss on sale of available-for-sale investments</i>	–	(85,002)	–	–	–
<i>Write-down of inventories for Songjiang Production Plant.</i>	–	–	(7,580)	–	–
<i>Listing expenses</i>	–	(6,237)	(21,085)	(7,972)	(658)
Adjusted net income	170,684	201,816	198,361	114,713	93,620

FINANCIAL INFORMATION

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

During the Track Record Period, we derived our revenue primarily from the manufacture and/or sales of our instant noodle, frozen food and other products in Hong Kong and the PRC. We recognise our revenue when our products are delivered and titles have been passed. Our revenue primarily represents the amount received and receivable for our goods sold, net of discount and sales related taxes.

The table below sets out our revenue by product category for the periods indicated:

Our main products	Year ended 31 December									Six months ended 30 June					
	2014			2015			2016			2016			2017		
	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue	HK\$ ('000)	RMB ('000)	% of total revenue
	<i>(Unaudited)</i>														
Hong Kong⁽¹⁾ and overseas⁽²⁾															
Instant noodles															
Cup and															
bowl-type . . .	352,339	-	13.9	365,153	-	13.9	386,222	-	14.7	195,108	-	14.7	177,061	-	13.2
Bag-type	588,975	-	23.2	565,692	-	21.5	531,825	-	20.2	267,427	-	20.3	244,436	-	18.2
Subtotal:	941,314	-	37.1	930,845	-	35.4	918,047	-	34.9	462,535	-	35.0	421,497	-	31.4
Frozen food and other products ⁽³⁾	223,671	-	8.8	238,948	-	9.1	247,765	-	9.4	122,310	-	9.2	210,858	-	15.7
Subtotal:	1,164,985	-	45.9	1,169,793	-	44.5	1,165,812	-	44.3	584,845	-	44.2	632,355	-	47.1
PRC															
Instant noodles															
Cup and															
bowl-type . . .	1,225,713	971,194	48.3	1,273,218	1,024,915	48.4	1,260,568	1,080,496	48.0	633,127	532,897	47.9	608,491	536,714	45.3
Bag-type	108,432	85,916	4.3	138,165	111,220	5.3	166,032	142,314	6.3	84,048	70,742	6.3	89,310	78,774	6.6
Subtotal:	1,334,145	1,057,110	52.6	1,411,383	1,136,135	53.7	1,426,600	1,222,810	54.3	717,175	603,639	54.2	697,801	615,488	51.9
Frozen food and other products ⁽⁴⁾	36,854	29,201	1.5	47,487	38,226	1.8	37,493	32,137	1.4	20,978	17,657	1.6	13,627	12,020	1.0
Subtotal:	1,370,999	1,086,311	54.1	1,458,870	1,174,361	55.5	1,464,093	1,254,947	55.7	738,153	621,296	55.8	711,428	627,508	52.9
Total:	2,535,984	-	100.0	2,628,663	-	100.0	2,629,905	-	100.0	1,322,998	-	100.0	1,343,783	-	100.0

Notes:

- (1) Hong Kong sales included our sales to certain distributors based in Hong Kong who then on-sell our products to overseas.
- (2) Overseas sales included our sales to distributors based in Macau, Taiwan and other overseas markets, which amounted to approximately HK\$113.8 million, HK\$98.8 million, HK\$90.8 million and HK\$46.2 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounted for approximately 4.5%, 3.8%, 3.5% and 3.4% of the total revenue for the same periods, respectively.
- (3) Other products in Hong Kong and overseas primarily included retort pouch, snack food and other branded products.
- (4) Other products in the PRC primarily included snack food products. We commenced to sell potato chip products in the PRC since June 2017.
- (5) At the average exchange rate of approximately HK\$1.00 to RMB0.79235 for the year ended 31 December 2014, approximately HK\$1.00 to RMB0.80498 for the year ended 31 December 2015, approximately HK\$1.00 to RMB0.85715 for the year ended 31 December 2016 and approximately HK\$1.00 to RMB0.88204 for the six months ended 30 June 2017.

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The table below sets out our sales volume and average retail price range by product category in Hong Kong and the PRC for the periods indicated:

Our main products	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC (HK\$/RMB)	Sales volume (serving '000)	Average retail price range in Hong Kong/ the PRC (HK\$/RMB)
Hong Kong and overseas										
Instant noodles										
Cup and bowl-type	73,252	HK\$3.11 – 8.29	74,937	HK\$3.18 – 8.59	78,833	HK\$3.24 – 11.00	39,700	HK\$3.21 – 11.00	36,210	HK\$3.21 – 13.00
Bag-type	245,602	HK\$2.28 – 3.81	231,212	HK\$2.25 – 3.70	214,323	HK\$2.32 – 4.50	107,480	HK\$2.30 – 4.50	99,692	HK\$2.22 – 4.65
Frozen food and other products ⁽¹⁾										
	25,710	HK\$4.00 – 15.80	29,281	HK\$3.06 – 15.80	29,712	HK\$3.06 – 25.00	14,631	HK\$3.06 – 24.69	14,681	HK\$3.06 – 25.34
PRC										
Instant noodles										
Cup and bowl-type	401,106	RMB2.27 – 6.20	421,540	RMB2.27 – 6.20	442,467	RMB2.26 – 9.50	218,097	RMB2.27 – 9.50	224,056	RMB2.30 – 9.50
Bag-type	54,917	RMB2.50 – 5.50	63,445	RMB2.50 – 5.50	77,301	RMB2.50 – 5.50	38,634	RMB2.50 – 5.50	41,093	RMB2.50 – 5.50
Frozen food and other products ⁽²⁾										
	4,277	RMB7.80 – 9.94	3,577	RMB6.55 – 10.27	3,834	RMB6.55 – 17.64	2,895	RMB6.07 – 21.80	3,172	RMB4.50 – 10.62

Notes:

- (1) Other products in Hong Kong and overseas primarily included retort pouch, snack food and other branded products.
- (2) Other products in the PRC primarily included snack food products. We commenced to sell potato chip products in the PRC since June 2017.

Our revenue increased from approximately HK\$2,536.0 million for the year ended 31 December 2014 to approximately HK\$2,628.7 million for the year ended 31 December 2015, and further increased to approximately HK\$2,629.9 million for the year ended 31 December 2016. Our revenue also increased from approximately HK\$1,323.0 million for the six months ended 30 June 2016 to approximately HK\$1,343.8 million for the six months ended 30 June 2017. The increase in our revenue during the Track Record Period was primarily due to the increase in sales of our instant noodles, which contributed approximately 89.7%, 89.1%, 89.2% and 83.3% of our total revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Sales of our instant noodles increased during the Track Record Period, primarily due to our increased sales of instant noodles in the PRC, which was partially offset by our decreased sales of such products in Hong Kong. Our revenue from sales of instant noodles in the PRC translated from Renminbi to HK dollars increased by approximately 6.9% from approximately HK\$1,334.1 million for the year ended 31 December 2014 to approximately HK\$1,411.4 million for the year ended 31 December 2015, and further to approximately HK\$1,426.6 million for the year ended 31 December 2016. Excluding the effects of foreign exchange arising from translation, revenue from sales of our instant noodles in the PRC increased by approximately 15.7% for the same period. Although revenue from sales of our instant noodles in the PRC translated from Renminbi to HK dollars decreased by approximately 2.7% from approximately HK\$717.2 million for the six months ended 30 June 2016 to approximately HK\$697.8 million for the six months ended 30 June 2017, excluding the effects of foreign exchange arising from translation, revenue from sales of our instant noodles in the PRC increased by 2.0% for the same period. Such increases were primarily due to our general business expansion and the increasing popularity of our “Demae Ichho (出前一丁)” (出前一丁) instant noodle products in the PRC. Although sales of our instant noodles in the PRC was affected by the general decrease in demand for and sales of instant noodles in the PRC, primarily the results of the incidents relating to food safety in the PRC and the increasing competitiveness of the overall PRC instant noodle market, we were still able to achieve a stable business growth in the PRC as a result of our diversified brands, market reputation and stringent food quality control.

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The decrease in sales of our instant noodles in Hong Kong during the Track Record Period was primarily due to our general decreased sales of instant noodle products to tourists from China to Hong Kong during the same period, which was partially offset by our general increased sales of cup and bowl-type instant noodles with new flavours. The decrease in sales of our bag-type instant noodles in Hong Kong for the year ended 31 December 2016 was also attributable to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from a sub-distributor under our Customer B to MCMS from late 2016 to early 2017. Before such transition, we sold the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to Customer B, and Customer B then on-sold our products to such sub-distributor for it to primarily sell to retailers. As part of the transition, we gradually ceased to sell our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customer B since late 2016 so that the terminated sub-distributor could finish up its old inventories. At the same time, we kept our newly produced “Demae Iccho (出前一丁)” (出前一丁) in our or external warehouses for future sales. As such, we experienced a decrease in sales and an increase in inventories of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from late 2016 to early 2017.

We completed the acquisition of 51.0% equity interest of MCMS in March 2017 and since then, we have started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodles primarily to retailers in Hong Kong through the distribution channel of MCMS. As MCMS was wholly owned by Customer B and also a sub-distributor of other branded products under Customer B prior to our acquisition, we decided to keep the same sales arrangement after our acquisition for the ease of transition and management of the distribution channel. As such, after acquisition, we still sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in Hong Kong to Customer B for it to on-sell to MCMS to its customers. Our sales to Customer B and purchases from Customer B by MCMS have been eliminated internally, with small mark-ups recorded as outsourcing and/or procurement costs under our cost of sales to partially cover the relevant administrative costs. For more details of our 51.0% equity interest acquisition of MCMS and the relevant business and financial arrangement for such acquisition, please refer to the sections headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (3) Acquisition of MCMS”, “Business – Sales and marketing – Our customers – Retailers” and “Financial Information – Certain items of consolidated statements of financial position – Trade receivables” and “– Trade payables” in this prospectus.

Our revenue from sales of our frozen food and other products generally increased during the Track Record Period. Such increase was primarily due to our increased sales in Hong Kong of our (i) frozen dim sum and frozen noodle products, in particular, our newly launched organic frozen food products, such as Nissin Watering Dumplings and frozen Sanuki Udon; (ii) potato chip products; and (iii) other branded products following our acquisition of 51.0% equity interest of MCMS. The increase in sales of our frozen food and other products during the Track Record Period was partially offset by the decrease in sales of our frozen food products in the PRC for the year ended 31 December 2016 and the six months ended 30 June 2017, primarily due to the increasing competitiveness of our certain competitors in southern China which generally sell their products through e-commerce channel and reorganisation of our sales channel of frozen food products in the PRC.

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We primarily sell our products on a wholesale basis through our established sales and distribution network in Hong Kong and the PRC. We also sell our products directly to retailers, which primarily include supermarkets, hyperstores and convenience stores, and other direct customers, which primarily include restaurants, hotels, airlines and other corporations. In addition, we also sell a portion of our products, mainly instant noodles, to Macau, Taiwan and certain overseas countries, such as the US, the UK, Canada and Australia, targeting their Chinese communities. In order to further expand our product portfolio in Hong Kong and Macau, we also acquired 51.0% equity interest of MCMS in March 2017, and began to distribute beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, in Hong Kong and Macau through MCMS.

The tables below sets out the breakdown of our revenue by sales channel in different sales regions for the periods indicated:

Our customers	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue	HK\$ ('000)	% of total revenue
	<i>(Unaudited)</i>									
Hong Kong⁽¹⁾ and overseas⁽²⁾										
Distributors	838,275	33.1	861,467	32.8	867,977	33.0	436,415	33.0	347,161	25.9
Retailers	232,886	9.2	228,190	8.7	227,479	8.6	113,532	8.6	196,727	14.6
Other direct customers ⁽³⁾	93,824	3.6	80,136	3.0	70,356	2.7	34,898	2.6	88,467	6.6
Sub-total:	1,164,985	45.9	1,169,793	44.5	1,165,812	44.3	584,845	44.2	632,355	47.1
PRC										
Distributors	1,289,448	50.8	1,395,697	53.1	1,436,714	54.6	721,747	54.5	698,165	52.0
Retailers	10,603	0.4	9,197	0.3	9,286	0.4	4,727	0.4	4,439	0.3
Other direct customers ⁽⁴⁾	70,948	2.9	53,976	2.1	18,093	0.7	11,679	0.9	8,824	0.6
Sub-total:	1,370,999	54.1	1,458,870	55.5	1,464,093	55.7	738,153	55.8	711,428	52.9
Total:	2,535,984	100.0	2,628,663	100.0	2,629,905	100.0	1,322,998	100.0	1,343,783	100.0

Notes:

- (1) Hong Kong sales included our sales to certain distributors based in Hong Kong who then on-sell our products to overseas.
- (2) Overseas sales included our sales to distributors based in Macau, Taiwan and other overseas markets, which amounted to approximately HK\$113.8 million, HK\$98.8 million, HK\$90.8 million and HK\$46.2 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounting for approximately 4.5%, 3.8%, 3.5% and 3.4% of our total revenue for the same periods, respectively.
- (3) Our sales to other direct customers in Hong Kong and overseas included our sales to a food company in Hong Kong on an OEM basis, which amounted to approximately HK\$31.5 million, HK\$28.4 million, HK\$26.2 million and HK\$12.7 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.
- (4) Our sales to other direct customers in the PRC included our sales via e-commerce channel in the PRC.

FINANCIAL INFORMATION

Cost of sales

Cost of sales primarily consists of cost of raw materials, production overhead, labour costs and outsourcing and procurement costs. The following table sets out a breakdown of our cost of sales for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$ ('000)	% of total cost of sales	HK\$ ('000)	% of total cost of sales	HK\$ ('000)	% of total cost of sales	HK\$ ('000)	% of total cost of sales	HK\$ ('000)	% of total cost of sales
							<i>(Unaudited)</i>			
Raw materials . . .	1,133,325	67.8	1,081,077	66.2	1,043,755	65.7	514,887	64.2	444,958	51.7
Wheat flour . . .	220,939	13.2	204,256	12.5	188,566	11.9	93,124	11.6	80,865	9.4
Palm oil	97,339	5.8	82,674	5.1	85,766	5.4	38,774	4.8	43,146	5.0
Seasoning . . .	134,830	8.1	137,242	8.4	162,068	10.2	75,372	9.4	70,131	8.1
Packaging materials . . .	347,634	20.8	314,087	19.2	210,352	13.2	103,483	12.9	89,359	10.4
Others ⁽¹⁾	332,583	19.9	342,818	21.0	397,003	25.0	204,134	25.5	161,457	18.8
Production overhead	252,396	15.1	235,274	14.4	254,430	16.0	128,044	16.0	123,370	14.3
Labour cost . . .	213,125	12.8	227,850	14.0	236,779	14.9	120,381	15.0	118,211	13.7
Outsourcing and/or procurement costs	67,142	4.0	93,578	5.7	103,319	6.5	44,652	5.5	129,523	15.1
Change in cost of inventories . . .	4,515	0.3	(4,456)	(0.3)	(49,561)	(3.1)	(5,397)	(0.7)	44,396	5.2
Total:	1,670,503	100.0	1,633,323	100.0	1,588,722	100.0	802,567	100.0	860,458	100.0

Note:

(1) Others primarily include dried ingredients, meats, vegetables and seafood.

Our cost of sales was approximately HK\$1,670.5 million, HK\$1,633.3 million, HK\$1,588.7 million and HK\$860.5 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounted for approximately 65.9%, 62.1%, 60.4% and 64.0% of our revenue for the same period, respectively.

The cost of raw materials (including packaging materials) was the largest component of our cost of sales for the Track Record Period, accounted for approximately 67.8%, 66.2%, 65.7% and 51.7% of our total cost of sales for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. The key raw materials we use to manufacture our instant noodle products are primarily wheat flour, palm oil and various seasoning. The key raw materials we use to manufacture our frozen food products are primarily wheat flour, meat and vegetables. Excluding our packaging materials which accounted for approximately 30.7%, 29.1%, 20.2% and 20.0% of our total cost of raw materials for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, the cost of wheat flour was the largest component of our raw materials, accounted for approximately 19.5%, 18.9%, 18.1% and 18.2% of our total cost of raw materials for the same period, respectively. The cost of palm oil was then the second largest component of our raw materials, accounted for approximately 8.6%, 7.6%, 8.2% and 9.7% of our total cost of raw materials for the same period, respectively. According to Frost & Sullivan, the average imported prices of both wheat flour and palm oil in Hong Kong generally decreased during the Track Record Period, and the average prices of wheat flour and palm oil in the PRC slightly increased during the Track Record Period, which were affected by various factors, including demand dynamics, administrative adjustment policies, weather and also cost of upstream plant materials. Nevertheless, our cost of raw materials decreased during the Track Record Period,

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primarily as a result of (i) the general decrease in prices of certain of our key raw materials; (ii) our increased procurement from certain raw material suppliers at relatively competitive pricing; and (iii) our decreased purchases of packaging materials as a result of us starting to self-produce the same at our Dongguan Production Plant since 2016.

We also procure a portion of our raw materials, such as soup base, condiment and other ingredients, from the Nissin Japan Group, primarily for the use of our production of instant noodles in Hong Kong. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our purchases of raw materials from the Nissin Japan Group amounted to approximately HK\$37.1 million, HK\$29.1 million, HK\$35.3 million and HK\$19.8 million, respectively, accounted for approximately 3.3%, 2.7%, 3.4% and 4.4% of our total purchases of raw materials for the same periods, respectively. For further details on our purchases from the Nissin Japan Group, please refer to the sections headed “Connected Transactions – II. Continuing connected transactions exempt from independent shareholders’ approval requirement – 9. Master raw materials and products procurement agreement” and “Relationship with Controlling Shareholder – Independence of our Group from the Nissin Japan Group – Operational independence – Sale and purchase from and to the Nissin Japan Group” in this prospectus.

Production overhead mainly comprises our maintenance and repairs, fuel and utilities, depreciation of plant and machinery and amortisation of land lease. Our production overhead was our second largest component of our cost of sales for the Track Record Period, accounted for approximately 15.1%, 14.4%, 16.0% and 14.3% of our total cost of sales for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Our production overhead decreased for the year ended 31 December 2015, primarily due to (i) our ceased operation and close-down of the production plant for frozen food in Shenzhen, the PRC in March 2014 as a result of the expiration of the lease agreement and increased labour costs in Shenzhen; and (ii) improvement of our production efficiency and decreased cost of utilities for our Shunde Production Plant for instant noodles. Our production overhead cost increased for the year ended 31 December 2016, primarily due to (i) our increased depreciation of production plant, machinery and equipment at our Xiamen Production Plant, which was newly constructed in 2015 and commenced operation in 2016; and (ii) our increased production overhead costs at Dongguan Production Plant as we commenced to self-produce packaging materials since 2016. Our production overhead cost was relatively stable for the six months ended 30 June 2017 as compared to the same for the six months ended 30 June 2016.

Labour cost was the third major component of our cost of sales for the Track Record Period, accounted for approximately 12.8%, 14.0%, 14.9% and 13.7% of our total cost of sales for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Our cost for labour increased from the year ended 31 December 2014 to the year ended 31 December 2016, primarily due to an increase in the general level of salaries and benefits for our production staff and relocation of core personnel from our Songjiang Production Plant to Pinghu Production Plant as a result of us ceasing operation and closing down of our Songjiang Production Plant. Our labour cost was relatively stable for the six months ended 30 June 2017 as compared to the same for the six months ended 30 June 2016.

Outsourcing and/or procurement costs primarily arise from our subcontracting manufacturing and/or procurement arrangements with third-party contract manufacturers and/or suppliers and the Nissin Japan Group, which we believe, provide us with greater flexibility to adjust our product mix more quickly to react to changing consumer demand and market conditions. During the Track Record Period, we subcontracted the manufacturing of a portion of instant noodle, frozen food and other food products, such as our instant noodle products under our “Fuku (福)” (福), our rice-flour vermicelli products under our “Doll Instant Mifun (公仔米粉) (公仔米粉)” and “Demae Mifun (出前

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一丁包裝米粉(出前一丁)”, our frozen food under “Doll Dim Sum (公仔點心)” (大公仔點心), and other food products under our “Nissin Retort Pouch (日清美味寶)” (日清美味寶) and “Karamucho (激辣魔薯)” (加樂). Since March 2017, we also started to procure a portion of beverage, processed food and sauce products of a number of brands, such as Danone, Kagome and Kewpie, from MCHK after we acquired 51.0% equity interest of MCMS in March 2017. For more details of our outsourcing and procurement arrangement, please refer to the sections headed “Business – Procurement and outsourcing” and “Connected Transactions” in this prospectus. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our outsourcing and/or procurement costs amounted to approximately HK\$67.1 million, HK\$93.6 million, HK\$103.3 million and HK\$129.5 million, respectively, accounted for approximately 4.0%, 5.7%, 6.5% and 15.1% of our cost of sales for the same period, respectively. Our outsourcing and/or procurement costs increased during the Track Record Period, primarily as a result of (i) the increase in demand for and sales of our frozen food and other food products in Hong Kong; (ii) our increased outsourcing arrangements with third-party contract manufacturers in the PRC for the manufacturing of our frozen food products after we ceased operation and closed down our production plant for frozen food in Shenzhen, the PRC in March 2014; and (iii) our commencement of procuring other branded products after we acquired 51.0% equity interest of MCMS in March 2017.

During the Track Record Period, our cost of sales by product category as a percentage our total cost of sales was in line with their respective percentage contribution to our revenue. The following table sets out a breakdown of our cost of sales by product category for the periods indicated:

Our main products	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	Cost of sales HK\$ ('000)	% of total cost of sales	Cost of sales HK\$ ('000)	% of total cost of sales	Cost of sales HK\$ ('000)	% of total cost of sales	Cost of sales HK\$ ('000)	% of total cost of sales	Cost of sales HK\$ ('000)	% of total cost of sales
<i>(Unaudited)</i>										
Hong Kong ⁽¹⁾ and overseas ⁽²⁾										
Instant noodles	587,287	35.2	531,563	32.6	490,510	30.9	243,340	30.3	227,034	26.4
Frozen food and other products ⁽³⁾	151,396	9.0	153,806	9.4	158,574	10.0	75,145	9.4	153,201	17.8
Subtotal:	738,683	44.2	685,369	42.0	649,084	40.9	318,485	39.7	380,235	44.2
PRC										
Instant noodles	908,967	54.4	924,374	56.6	925,336	58.2	474,631	59.1	475,498	55.3
Frozen food and other products ⁽⁴⁾	22,853	1.4	23,580	1.4	14,302	0.9	9,451	1.2	4,725	0.5
Subtotal:	931,820	55.8	947,954	58.0	939,638	59.1	484,082	60.3	480,223	55.8
Total:	1,670,503	100.0	1,633,323	100.0	1,588,722	100.0	802,567	100.0	860,458	100.0

Notes:

- (1) Hong Kong sales included our sales to certain distributors based in Hong Kong who then on-sell our products to overseas.
- (2) Overseas sales included our sales to distributors based in Macau, Taiwan and other overseas markets, which amounted to approximately HK\$113.8 million, HK\$98.8 million, HK\$90.8 million and HK\$46.2 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounted for approximately 4.5%, 3.8%, 3.5% and 3.4% of the total revenue for the same periods, respectively.

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- (3) Other products in Hong Kong and overseas primarily included retort pouch, snack food and other branded products.
- (4) Other products in the PRC primarily included snack food products. We commenced to sell potato chip products in the PRC since June 2017.

For illustration purpose only, we set out below a sensitivity analysis of our profit after tax for the year with reference to the fluctuation of our total cost of raw materials during the Track Record Period. The following table demonstrates the impact of the hypothetical increase or decrease in the total cost of our raw materials on our profit after tax for the year, while all other factors remain unchanged:

	Hypothetical increase/decrease of 5.0%	Hypothetical increase/decrease of 10.0%	Hypothetical increase/decrease of 15.0%
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Decrease/Increase in profit for the year:			
Year ended 31 December 2014	43,975	87,951	131,926
Year ended 31 December 2015	41,870	83,740	125,610
Year ended 31 December 2016	40,335	80,671	121,006
Six months ended 30 June 2017	17,255	34,509	51,764

Note: Although the purchase prices of our several key raw materials used to manufacture our instant noodles, including wheat flour and palm oil, generally showed decreasing trends or were relatively stable, our Directors are of the view that it is prudent to use 5.0%, 10.0% and 15.0% in the above sensitivity analysis for illustration purpose only.

Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin by product category for the periods indicated:

	Year ended 31 December									Six months ended 30 June					
	2014			2015			2016			2016			2017		
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	
HK\$	RMB ⁽⁴⁾	margin	HK\$	RMB ⁽⁴⁾	margin	HK\$	RMB ⁽⁴⁾	margin	HK\$	RMB	margin	HK\$	RMB	margin	
('000)	('000)	%	('000)	('000)	%	('000)	('000)	%	('000)	('000)	%	('000)	('000)	%	
<i>(Unaudited)</i>															
Our main products															
Hong Kong⁽¹⁾ and overseas⁽²⁾															
Instant noodles	354,027	-	37.6	399,282	-	42.9	427,537	-	46.6	219,195	-	47.4	194,463	-	46.1
Frozen food and other products ⁽³⁾	72,275	-	32.3	85,142	-	35.6	89,191	-	36.0	47,165	-	38.6	57,657	-	27.3
Subtotal/Average:	426,302	-	36.6	484,424	-	41.4	516,728	-	44.3	266,360	-	45.5	252,120	-	39.9
PRC															
Instant noodles	425,178	336,890	31.9	487,009	392,033	34.5	501,264	429,658	35.1	242,544	204,147	33.8	222,303	196,080	31.9
Frozen food and other products ⁽⁴⁾	14,001	11,094	38.0	23,907	19,245	50.3	23,191	19,878	61.9	11,527	9,702	54.9	8,902	7,851	65.3
Subtotal/Average:	439,179	347,984	32.0	510,916	411,278	35.0	524,455	449,536	35.8	254,071	213,849	34.4	231,205	203,931	32.5
Total:	865,481	-	34.1	995,340	-	37.9	1,041,183	-	39.6	520,431	-	39.3	483,325	-	36.0

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Notes:

- (1) Hong Kong sales included our sales to certain distributors based in Hong Kong who then on-sell our products to overseas.
- (2) Overseas sales included our sales to distributors based in Macau, Taiwan and other overseas markets, which amounted to approximately HK\$113.8 million, HK\$98.8 million, HK\$90.8 million and HK\$46.2 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, accounted for approximately 4.5%, 3.8%, 3.5% and 3.4% of the total revenue for the same periods, respectively.
- (3) Other products in Hong Kong and overseas primarily included retort pouch, snack food and other branded products.
- (4) Other products in the PRC primarily included snack food products. We commenced to sell potato chip products in the PRC since June 2017.
- (5) At the average exchange rate of approximately HK\$1.00 to RMB0.79235 for the year ended 31 December 2014, approximately HK\$1.00 to RMB0.80498 for the year ended 31 December 2015, approximately HK\$1.00 to RMB0.85715 for the year ended 31 December 2016 and approximately HK\$1.00 to RMB0.88204 for the six months ended 30 June 2017.

Our gross profit and gross profit margin increased by approximately 20.3% and 5.5%, respectively, from approximately HK\$865.5 million and 34.1% for the year ended 31 December 2014, respectively, to approximately HK\$995.3 million and 37.9% for the year ended 31 December 2015, respectively, and further increased to HK\$1,041.2 million and 39.6% for the year ended 31 December 2016, respectively. While gross profit of our sales in the PRC translated from Renminbi to HK dollars increased by approximately 19.4% from approximately HK\$439.2 million for the year ended 31 December 2014 to approximately HK\$510.9 million for the year ended 31 December 2015, and further to approximately HK\$524.5 million for the year ended 31 December 2016, excluding the effects of foreign exchange arising from translation, gross profit of our sales in the PRC increased by approximately 29.2% for the same period. Our gross profit decreased from approximately HK\$520.4 million for the six months ended 30 June 2016 to approximately HK\$483.3 million for the six months ended 30 June 2017, while our gross profit margin also decreased from approximately 39.3% to approximately 36.0% for the same period.

We had achieved a steady growth in gross profit and gross profit margin from the year ended 31 December 2014 to the year ended 31 December 2016, primarily as a result of (i) the general decrease in the prices of certain of our key raw materials of our instant noodle products; (ii) our increased procurement from certain raw material suppliers at relatively competitive pricing; (iii) our decreased purchases of packaging materials as a result of us starting to self-produce the same at our Dongguan Production Plant since 2016; and (iv) our lines increased production automation and improved production efficiency following our investment in advanced production machinery and equipment. The decreases in our gross profit and gross profit margin for the six months ended 30 June 2017 were primarily due to (i) our decreased sales of instant noodles in Hong Kong; (ii) our increased procurement cost of other branded products in Hong Kong following our acquisition of 51.0% equity interest of MCMS; and (iii) our increased depreciation cost from our newly operating Pinghu Production Plant.

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Other income

Our other income primarily consists of dividend income from equity investments, interest income from bank deposits and miscellaneous income. The following table sets out a breakdown of our other income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Dividend income from equity investments . .	–	98	199	–	–
Interest income from bank deposits	27,065	27,961	27,619	17,842	9,652
Miscellaneous income .	4,669	8,387	3,765	2,240	5,257
Total:	31,734	36,446	31,583	20,082	14,909

Our dividend income derived from our equity investments primarily includes our dividend income derived from both listed and unlisted equity investments in Hong Kong. Our interest income mainly derives from our pledged bank deposits and time deposits. Miscellaneous income mainly represents our government subsidies relating to social welfare and environmental protection and other income received from selling scrap materials generated from our production to scrap collection companies.

Selling and distribution costs

Our selling and distribution costs primarily consist of promotional expenses, salaries and benefits for our sales personnel, freight and storage expenses, marketing and advertising expenses and depreciation costs. The following table sets out a breakdown of our selling and distribution costs for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$ ('000)	% of total selling and distribution costs	HK\$ ('000)	% of total selling and distribution costs	HK\$ ('000)	% of total selling and distribution costs	HK\$ ('000)	% of total selling and distribution costs	HK\$ ('000)	% of total selling and distribution costs
						<i>(Unaudited)</i>				
Promotional expenses . .	242,590	50.8	303,951	53.1	318,521	52.5	159,970	56.3	127,224	47.9
Salaries and allowance .	108,269	22.7	129,188	22.6	136,674	22.5	68,706	24.2	71,886	27.1
Freight and storage. . .	58,210	12.2	67,846	11.8	75,561	12.4	35,835	12.6	48,574	18.3
Marketing and advertising expenses .	45,915	9.6	42,443	7.4	50,730	8.4	8,403	3.0	6,704	2.5
Depreciation costs . . .	1,532	0.3	1,661	0.3	2,580	0.4	1,277	0.4	1,181	0.4
Others ⁽¹⁾	21,032	4.4	27,696	4.8	23,022	3.8	9,886	3.5	10,113	3.8
Total:	477,548	100.0	572,785	100.0	607,088	100.0	284,077	100.0	265,682	100.0

Note:

(1) Others primarily included office supplies, travelling and communication expenses, repair and insurance expenses.

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For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our selling and distribution costs amounted to approximately HK\$477.5 million, HK\$572.8 million, HK\$607.1 million and HK\$265.7 million, respectively, accounted for approximately 18.8%, 21.8%, 23.1% and 19.8% of our revenue for the same period, respectively. Our selling and distribution costs increased from the year ended 31 December 2014 to the year ended 31 December 2016, primarily as the result of our general increased sales and distribution in both Hong Kong and the PRC. Our selling and distribution costs decreased for the six months ended 30 June 2017, primarily due to our decreased promotional expenses for the same period.

Promotional expenses were the largest component of our selling and distribution costs, accounted for approximately 50.8%, 53.1%, 52.5% and 47.9% of our total selling and distribution costs for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. We typically reimburse the promotional expenses incurred by the sub-distributors and our own retailers for their promotion of our products primarily in the supermarkets and hyperstores. Our promotional expenses increased from the year ended 31 December 2014 to 31 December 2016, primarily due to our increased promotional expenses reimbursed to the sub-distributors and our retailers to boost the market growth in Hong Kong, taking into account our decreased sales of instant noodles in Hong Kong as a result of the general decrease of tourists from China to Hong Kong during the Track Record Period. The increase in our promotional expenses for the year ended 31 December 2016 was also attributable to our fees paid to retailers due to the preparation for the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from a sub-distributor to MCMS from late 2016 to early 2017. Our promotional expenses decreased for the six months ended 30 June 2017, primarily due to (i) our decreased sales of cup and bowl-type instant noodle products in Hong Kong during the Chinese New Year period in 2017; and (ii) our decreased promotional expenses reimbursed to a sub-distributor as a result of the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from such sub-distributor to MCMS.

Salaries and staff allowances were the second largest component of our selling and distribution costs, accounted for approximately 22.7%, 22.6%, 22.5% and 27.1% of our total selling and distribution costs for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Our salaries and staff allowances increased during the Track Record Period, primarily as a result of the general increase in salaries and staff allowances for our sales personnel. As we continue to increase our liaising points to support our business expansion in the PRC, we have also recruited additional sales personnel and increased our effort in exploring sales opportunities from the existing and new customers in the PRC.

Freight and storage were the third largest component of our selling and distribution costs, accounted for approximately 12.2%, 11.8%, 12.4% and 18.3% of our total selling and distribution costs for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. The increase in our freight and storage during the Track Record Period was primarily due to our increased sales and delivery as a result of increased demand for and sales of our products due to our business expansion in the PRC. The increase in our freight and storage for the year ended 31 December 2016 was also attributable to our increased inventory storage costs as a result of the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle from late 2016 to early 2017. For more details of our 51.0% equity interest acquisition of MCMS and the relevant business arrangement for such acquisition, please refer to the sections headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (3) Acquisition of MCMS” and “Business – Sales and marketing – Our customers – Retailers” in this prospectus.

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Administrative expenses

Our administrative expenses primarily consist of salaries and welfare for our management, service fees to audit and professional parties, business taxes and surcharges, depreciation expenses relating to property, plant and equipment used for administrative purposes and amortisation of our trademarks. The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$ ('000)	% of total administrative expenses	HK\$ ('000)	% of total administrative expenses	HK\$ ('000)	% of total administrative expenses	HK\$ ('000)	% of total administrative expenses	HK\$ ('000)	% of total administrative expenses
	<i>(Unaudited)</i>									
Salaries and welfare . . .	52,249	40.7	57,974	42.6	63,685	44.3	30,990	45.5	38,983	48.2
Service fees to audit and professional parties ⁽¹⁾	18,663	14.5	8,230	6.0	17,051	11.9	6,328	9.3	4,511	5.6
Business taxes and surcharges	11,682	9.1	17,212	12.7	15,030	10.5	8,243	12.1	8,060	10.0
Depreciation	5,389	4.2	7,047	5.2	8,629	6.0	4,067	6.0	5,522	6.8
Amortisation of trademark	4,893	3.8	3,231	2.4	3,231	2.2	1,615	2.4	1,615	2.0
Others ⁽²⁾	35,653	27.7	42,252	31.1	36,098	25.1	16,891	24.7	22,244	27.4
Total:	128,529	100.0	135,946	100.0	143,724	100.0	68,134	100.0	80,935	100.0

Notes:

- (1) Service fees to audit and professional parties primarily include our service fees paid to local auditors and consulting fees paid to consulting firms to advise on our employment, business strategy and financials as our business continued to expand.
- (2) Others primarily included insurance expenses, office expenses, maintenance fees and security fees.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our administrative expenses were approximately HK\$128.5 million, HK\$135.9 million, HK\$143.7 million and HK\$80.9 million, respectively, accounted for approximately 5.1%, 5.2%, 5.5% and 6.0% of our revenue for the same period, respectively. Our administrative expenses increased during the Track Record Period, primarily as the result of the increases in our management and administrative personnel in both Hong Kong and the PRC and our engagement with various professional parties to advise on our employment and financials as our business continued to grow. Nevertheless, we have made continuous efforts on maintaining our administrative expenses to improve our operating efficiency.

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Other expenses

Our other expenses primarily included our research and development expenses, our expenses incurred for our Reorganisation of transferring our PRC subsidiaries from our Company to Nissin China Holding, our expenses incurred to cease the operation and close down our Songjiang Production Plant and our listing expenses incurred for the Global Offering.

The following table sets out a breakdown of our other expenses for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Research and development expenses	19,316	21,429	25,298	13,012	11,948
Expenses relating to the restructuring of Nissin China Holding	–	9,309	–	–	–
Expenses relating to the ceased operation and close-down of Songjiang Production Plant	–	–	36,048	–	–
Listing expenses	–	6,237	21,085	7,972	658
Total:	<u>19,316</u>	<u>36,975</u>	<u>82,431</u>	<u>20,984</u>	<u>12,606</u>

Other gains and losses

Our other losses primarily include, our losses on foreign exchange primarily as a result of the general depreciation of Renminbi against HK dollars, our impairment loss recognised on listed available-for-sale investments, impairment loss recognised on property, plant and equipment and trademark, loss on disposal of property, plant and equipment, loss on reclassification of interest in an associate to available-for-sale investments and write-down of inventories.

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The reclassification of interest in an associate to available-for-sale investments related to the dilution of our shareholding in AFDC, which is a raw material supplier of Nissin Japan based in India. Prior to January 2014, we held 38.05% of equity interest in AFDC. Following the capital injection in January 2014 by Nissin Foods (Asia) Pte. Ltd., a subsidiary of Nissin Japan, our shareholding in AFDC was diluted from 38.05% to 26.68% and AFDC ceased to be our associate company since January 2014 as the dilution resulted in the withdrawal of our right to nominate director to AFDC to participate in the financial and operating policy decisions of AFDC. As we were not able to exercise significant influence on AFDC, our interest in AFDC for the year ended 31 December 2014 was reclassified from interest in an associate to available-for-sale investments in the consolidated statement of financial position. Please also refer to note 8 to the accountants' report in Appendix I to this prospectus for a more detailed discussion on our available-for-sale investment. Our written-down of inventories primarily related to our ceased operation and close-down of the Songjiang Production Plant. The following table sets out a breakdown of our other losses for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Exchange (loss) gain, net . .	(1,627)	(6,955)	(10,424)	(9,930)	94
Impairment loss recognised on available-for-sale investments	–	(5,196)	(6,111)	(5,867)	(4,212)
Impairment loss recognised on property, plant and equipment	(8,441)	(3,044)	(42,886)	–	(1,342)
Impairment loss recognised on trademark	(21,197)	–	–	–	–
(Loss) gain on disposal or property, plant and equipment	(3,189)	(3,308)	(4,853)	198	233
Loss on reclassification of interest in an associate to available-for-sales investments	(6,228)	–	–	–	–
Write-down of inventories for Songjiang Production Plant	–	–	(7,580)	–	–
Total:	<u>(40,682)</u>	<u>(18,503)</u>	<u>(71,854)</u>	<u>(15,599)</u>	<u>(5,227)</u>

Goodwill and intangible assets

Our goodwill is recognised through the acquisition of business. Such goodwill is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For more details of our goodwill, please refer to note 16 to the accountants' report in Appendix I to this prospectus.

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Our intangible assets mainly consist of various trademarks owned or registered by us. At the end of each reporting period, we typically review the carrying amounts of our intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs. As such, determining whether trademark is impaired requires an estimation of the recoverable amount of the trademark, which is the higher of fair value less costs of disposal and value in use. As at 31 December 2014, 2015, 2016 and 30 June 2017, the carrying amounts of our trademarks was approximately HK\$41.2 million, HK\$38.0 million, HK\$34.7 million and HK\$33.1 million, respectively, net of the accumulated amortisation and impairment losses of approximately HK\$32.2 million, HK\$35.5 million, HK\$38.7 million and HK\$40.3 million, respectively. For more details of our trademarks, please refer to note 17 to the accountants' report in Appendix I to this prospectus.

Loss on disposal of available-for-sale investments

We realised a loss on disposal of available-for-sale investments of approximately HK\$85.0 million for the year ended 31 December 2015, primarily the result of our disposal of our entire equity interest in Jinmailang in December 2015. Please refer to the section headed "History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (1) Disposals of Jinmailang" in this prospectus for more details of our disposal of our entire equity interest in Jinmailang.

Income tax expenses

Income tax consists of current tax and deferred income tax by our Group. Current tax primarily comprises Hong Kong profit tax payable by our Hong Kong subsidiaries and PRC corporate income tax payable by our PRC subsidiaries. Our income tax expenses for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately HK\$58.4 million, HK\$66.4 million, HK\$60.5 million and HK\$31.2 million, respectively.

Under the Hong Kong law, our subsidiaries in Hong Kong are subject to Hong Kong profit tax at the statutory Hong Kong profit tax of 16.5%. Under the EIT Law, our subsidiaries in the PRC are subject to PRC income tax at the statutory PRC corporate income tax rate of 25.0%.

Please also refer to note 9 to our consolidated financial statements included in the accountants' report in Appendix I to this prospectus for a more detailed discussion on our income tax.

Profit attributable to non-controlling interests

Non-controlling interests represent the interests not held by us in the results of our non-wholly owned subsidiaries, Nissin Koikeya Food, which is currently owned as to 66.0% and 34.0% by us and KOIKE-YA, respectively, and Zhuhai Winner, which is currently owned as to 70.45% by Winner Food and 29.55% by Zhuhai S.E.Z. Western Development Co.* (珠海經濟特區西部發展總公司), respectively, and also our non-wholly-owned subsidiary prior to March 2014, Winner Food, which was then owned as to 74.0% by us and 26.0% by Itochu Corporation.

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Our profit attributable to non-controlling interests for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately HK\$23.3 million, HK\$14.9 million, HK\$16.4 million and HK\$10.9 million, respectively. Our non-controlling interests decreased for the year ended 31 December 2015, primarily due to our acquisition of the 26.0% equity interest of Winner Food from Itochu Corporation in December 2014. Since then, Winner Food became the wholly-owned subsidiary of our Company.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended 30 June 2017 compared with six months ended 30 June 2016

Revenue

Our revenue increased by 1.6% from approximately HK\$1,323.0 million for the six months ended 30 June 2016 to approximately HK\$1,343.8 million for the six months ended 30 June 2017, primarily due to the increase in our revenue in Hong Kong and overseas from approximately HK\$584.8 million to approximately HK\$632.4 million for the same period. Such increase was due to the increase in our revenue from sales of frozen food and other products in Hong Kong. As our consolidated financial statements are prepared in HK dollars, the results and financial position of our PRC subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. Although our revenue in the PRC translated from Renminbi to HK dollars decreased by approximately 3.6% from approximately HK\$738.2 million for the six months ended 30 June 2016 to approximately HK\$711.4 million for the six months ended 30 June 2017, excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by 1.0% for the same period.

Hong Kong and overseas

Our revenue in Hong Kong and overseas increased by 8.1% from approximately HK\$584.8 million for the six months ended 30 June 2016 to approximately HK\$632.4 million for the six months ended 30 June 2017, primarily as a result of the increase in our revenue from sales of frozen food and other products from approximately HK\$122.3 million to approximately HK\$210.9 million for the same period. Such increase was primarily due to our commencement of sales of other branded products after we acquired 51.0% equity interest of MCMS in March 2017 and our launch of new frozen noodle and cereal products.

The increase in our revenue in Hong Kong and overseas for the six months ended 30 June 2017 was partially offset by the decrease in our revenue from sales of instant noodles from approximately HK\$462.5 million for the six months ended 30 June 2016 to approximately HK\$421.5 million for the six months ended 30 June 2017. Such decrease was due to our decreased sales of both cup and bowl-type and bag-type instant noodles for the same period. The decrease in sales of our cup and bowl-type instant noodles was primarily due to the change of marketing strategy by several major retailers in Hong Kong to promote certain imported brands of instant noodle products during the Chinese New Year period in 2017. The decrease in sales of our bag-type instant noodles was primarily due to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to MCMS from late 2016 to early 2017. Before the transition, we sold the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customers B for it to on-sell to a sub-distributor. As the performance of such sub-distributor was not up to our

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satisfaction and since we also intend to raise the company and product profile of MCMS so that we can attract more well-known brands in the future to further expand our product portfolio, we discussed with Customer B and switched the distribution channel of the majority of our “Demae Iccho (出前一丁)” (出前一丁) in Hong Kong from such sub-distributor under Customer B to MCMS for it to primarily sell to retailers. As part of the transition, we gradually ceased to sell our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customers B since late 2016 so that the terminated sub-distributor could finish up its old inventories. At the same time, we kept our newly produced “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in our or external warehouses for future sales. As such, we experienced a decrease in sales and an increase in inventories of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from late 2016 to early 2017. We completed the acquisition of 51.0% equity interest of MCMS in March 2017 and since then, we have started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodles primarily to retailers in Hong Kong through the distribution channel of MCMS. For more details of our 51.0% equity interest acquisition of MCMS and the relevant business arrangement for such acquisition, please refer to the sections headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (3) Acquisition of MCMS” and “Business – Sales and marketing – Our customers – Retailers” in this prospectus.

Our sales to distributors in Hong Kong and overseas decreased from approximately HK\$436.4 million for the six months ended 30 June 2016 to approximately HK\$347.2 million for the six months ended 30 June 2017. Such decrease was primarily the result of our decreased sales of cup and bowl-type instant noodles to distributors, primarily due to the change of marketing strategy by several major retailers in Hong Kong to promote certain imported brands of instant noodle products during the Chinese New Year period in 2017. The decrease in our sales to distributors in Hong Kong and overseas was also attributable to our decreased sales of bag-type instant noodles, primarily due to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from a sub-distributor under Customer B to MCMS from late 2016 to early 2017. On the other hand, such transition partially led to an increase in our sales to the retailers in Hong Kong and overseas from approximately HK\$113.5 million for the six months ended 30 June 2016 to HK\$196.7 million for the six months ended 30 June 2017 as since March 2017, we have started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products primarily to retailers in Hong Kong through the distribution channel of MCMS. Our increased sales to retailers as well as our increased sales to other direct customers in Hong Kong and overseas were also attributable to us commencing to sell the other branded products after our acquisition of 51.0% equity interest of MCMS in March 2017.

PRC

Although our revenue in the PRC translated from Renminbi to HK dollars decreased by approximately 3.6% from approximately HK\$738.2 million for the six months ended 30 June 2016 to approximately HK\$711.4 million for the six months ended 30 June 2017, excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by 1.0% for the same period.

Our revenue from sales of instant noodles in the PRC translated from Renminbi to HK dollars decreased by approximately 2.7% from approximately HK\$717.2 million for the six months ended 30 June 2016 to approximately HK\$697.8 million for the six months ended 30 June 2017. Excluding the effects of foreign exchange arising from translation, our revenue from sales of instant noodles in the PRC increased by 2.0% for the same period. Such increase was primarily due to our increased

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sales of bag-type instant noodle products from approximately HK\$84.0 million for the six months ended 30 June 2016 to HK\$89.3 million for the six months ended 30 June 2017, primarily as a result of the increasing popularity of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in the PRC. Although our revenue from sales of cup and bowl-type instant noodles in the PRC translated from Renminbi to HK dollars decreased by approximately 3.9% from approximately HK\$633.1 million for the six months ended 30 June 2016 to approximately HK\$608.5 million for the six months ended 30 June 2017, excluding the effects of foreign exchange arising from translation, our revenue from sales of cup and bowl-type instant noodles in the PRC increased by 0.7% for the same period. Our sales of cup and bowl-type instant noodle products in the PRC was relatively slower for the six months ended 30 June 2017, primarily due to our consumption of old inventories produced before closing down our Songjiang Production Plant and moving to our Pinghu Production Plant. In order to avoid any business disruption resulting from such move, we accumulated certain inventories of our cup and bowl-type instant noodle products. As a result, the producing dates of our cup and bowl-type instant noodle products might be older than the producing dates of our competitors’ similar products, which led to a slower sales in our distribution channel in the PRC.

Our revenue from sales of frozen food and other products in the PRC decreased from approximately HK\$21.0 million for the six months ended 30 June 2016 to approximately HK\$13.6 million for the six months ended 30 June 2017, primarily due to the reorganisation of our sales channel of frozen food products in the PRC.

Our sales to distributors, retailers and other direct customers in the PRC translated from Renminbi to HK dollars all slightly decreased for the six months ended 30 June 2017 as compared to the same for the six months ended 30 June 2016, primarily due to the effects of foreign exchange arising from translation and our decreased sales of frozen food products in the PRC.

Cost of sales

Our cost of sales increased by 7.2% from approximately HK\$802.6 million for the six months ended 30 June 2016 to approximately HK\$860.5 million for the six months ended 30 June 2017. The increase in our cost of sales was primarily due to the increase in our outsourcing and/or procurement costs by 189.7% from approximately HK\$44.7 million to approximately HK\$129.5 million for the same period, primarily as a result of us commencing to procure the other branded products after we acquired 51.0% equity interest of MCMS in March 2017.

The increase in our cost of sales was partially offset by the decrease in our cost of raw materials from approximately HK\$514.9 million for the six months ended 30 June 2016 to approximately HK\$445.0 million for the six months ended 30 June 2017. Such decrease was primarily due to (i) our decreased purchases of raw materials as a result of our decreased production volume attributable to our decreased sales of instant noodles in Hong Kong; and (ii) the general decrease in prices of wheat flour in both Hong Kong and the PRC.

Gross profit and gross profit margin

Our overall gross profit decreased by 7.1% from approximately HK\$520.4 million for the six months ended 30 June 2016 to approximately HK\$483.3 million for the six months ended 30 June 2017, while our overall gross profit margin also decreased from approximately 39.3% to 36.0% for the same period. While gross profit of our sales in the PRC translated from Renminbi to HK dollars decreased by approximately 9.0% from approximately HK\$254.1 million for the six months ended 30 June 2016 to approximately HK\$231.2 million for the six months ended 30 June 2017, excluding the effects of foreign exchange arising from translation, gross profit of our sales in the PRC decreased by approximately 4.6% for the same period.

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The decreases in our gross profit was primarily due to the decrease in gross profit of our sales of instant noodles in both Hong Kong and the PRC from approximately HK\$219.2 million and HK\$242.5 million for the six months ended 30 June 2016, respectively, to approximately HK\$194.5 million and HK\$222.3 million for the six months ended 30 June 2017, respectively. The gross profit margin of our sales of instant noodles in Hong Kong and overseas and the PRC also decreased from approximately 47.4% and 33.8% for the months ended 30 June 2016, respectively, to approximately 46.1% and 31.9% for the six months ended 30 June 2017, respectively. The decreases in gross profit and gross profit margin of our sales of instant noodles in Hong Kong and overseas were primarily due to (i) our decreased sales of cup and bowl-type instant noodles that generally had higher selling prices and gross profit margin in Hong Kong, primarily resulting from the change of marketing strategy by several major retailers in Hong Kong to promote certain imported brands of instant noodle products during the Chinese New Year period in 2017; and (ii) our decreased sales of bag-type instant noodles in Hong Kong, primarily resulting from the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from a sub-distributor to MCMS from late 2016 to early 2017. The decreases in gross profit and gross profit margin of our sales of instant noodles in the PRC were primarily due to our relatively slower sales of cup and bowl-type instant noodles that generally had higher selling prices and gross profit margin in the PRC, primarily as a result of our consumption of old inventories produced before closing down our Songjiang Production Plant and moving to our Pinghu Production Plant.

The decrease in gross profit margin was also attributable to the decrease in gross profit margin of our sales of frozen food and other products in Hong Kong and overseas from approximately 38.6% for the six months ended 30 June 2016 to approximately 27.3% for the six months ended 30 June 2017. Such decrease was primarily due to us commencing to sell other branded products that generally had lower gross profit margins after our acquisition of 51.0% equity interest of MCMS in March 2017. The increase in gross profit margin of our sales of frozen food products in the PRC was primarily due to the change of product mix of our frozen food products offered in the PRC.

Other income

Our other income decreased by 25.8% from approximately HK\$20.1 million for the six months ended 30 June 2016 to approximately HK\$14.9 million for the six months ended 30 June 2017. Such decrease was primarily attributable to the decrease in interest income from bank deposits from approximately HK\$17.8 million to approximately HK\$9.7 million for the same period as we recognised HK\$540.0 million as distribution to our then equity holders in April 2016.

Selling and distribution costs

Our selling and distribution costs decreased by 6.5% from approximately HK\$284.1 million for the six months ended 30 June 2016 to approximately HK\$265.7 million for the six months ended 30 June 2017, primarily as a result of the decreases in our promotional expenses from approximately HK\$160.0 million to approximately HK\$127.2 million for the same period. Such decrease was primarily attributable to (i) our decreased sales of cup and bowl-type instant noodle products in Hong Kong during the Chinese New Year period in 2017 due to the change of marketing strategy by several major retailers in Hong Kong to promote certain imported brands of instant noodle products during such period; and (ii) our decreased promotional expenses reimbursed to a sub-distributor as a result of the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from such sub-distributor to MCMS.

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Administrative expenses

Our administrative expenses increased by 18.8% from approximately HK\$68.1 million for the six months ended 30 June 2016 to approximately HK\$80.9 million for the six months ended 30 June 2017, primarily due to the increase in our salary and welfare from approximately HK\$31.0 million to approximately HK\$39.0 million for the same period, primarily the result of our increased number of management and administrative personnel in both Hong Kong and PRC as our business continued to grow. The increase in our administrative expenses was also attributable to the increase in our depreciation expenses from approximately HK\$4.1 million for the six months ended 30 June 2016 to approximately HK\$5.5 million for the six months ended 30 June 2017, primarily due to our increased depreciation of office buildings for Zhejiang Nissin and Fujian Nissin.

Other expenses

Our other expenses decreased by 39.9% from approximately HK\$21.0 million for the six months ended 30 June 2016 to approximately HK\$12.6 million for the six months ended 30 June 2017. Our other expenses were relatively higher for the six months ended 30 June 2016, primarily the result of our listing expenses incurred for the Global Offering.

Other gains and losses

Although we continued to realise other losses for the six months ended 30 June 2017, our other losses decreased by 66.5% from approximately HK\$15.6 million for the six months ended 30 June 2016 to approximately HK\$5.2 million for the six months ended 30 June 2017. Such decrease was primarily the result of us realising foreign exchange gain for the six months ended 30 June 2017 as compared to our foreign exchange loss for the six months ended 30 June 2016.

Loss on disposal of available-for-sale investments

We did not realise any loss on disposal of available-for-sale investments for the six months ended 30 June 2017.

Income tax expenses

Our income tax decreased by 14.8% from approximately HK\$36.6 million for the six months ended 30 June 2016 to approximately HK\$31.2 million for the six months ended 30 June 2017, primarily due to our decreased PRC enterprise income tax incurred by Nissin China attributable to its decreased profit as a result of its increased promotional expenses incurred for the same period. Our effective tax rate also slightly decreased from approximately 24.1% for the six months ended 30 June 2016 to approximately 23.3% for the six months ended 30 June 2017.

Profit for the period

As a result of the factors described above, we recorded profit of approximately HK\$102.6 million for the six months ended 30 June 2017.

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Year ended 31 December 2016 compared with year ended 31 December 2015

Revenue

Our revenue increased by 0.1% from approximately HK\$2,628.7 million for the year ended 31 December 2015 to approximately HK\$2,629.9 million for the year ended 31 December 2016, primarily due to the increase in our revenue in the PRC from approximately HK\$1,458.9 million to approximately HK\$1,464.1 million for the same period as a result of the continuous business expansion and the increasing popularity of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in the PRC. As our consolidated financial statements are prepared in HK dollars, the results and financial position of our PRC subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. For the year ended 31 December 2015 to the year ended 31 December 2016, our revenue in the PRC translated from Renminbi into HK dollars increased by approximately 0.4%, while excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 6.9% for the same period. The increase in our revenue for the year ended 31 December 2016 was partially offset by the decrease in our revenue in Hong Kong and overseas from approximately HK\$1,169.8 million to approximately HK\$1,165.8 million for the same period. For the purpose to illustrate the effect of foreign exchange on our historical financial statements by retranslating the revenue of our PRC subsidiaries in its functional currency to the presenting currency of our Group using the average exchange rate same as that in the preceding year, our revenue would additionally increase by approximately 3.6% for the year ended 31 December 2015 to the year ended 31 December 2016.

Hong Kong and overseas

Our revenue in Hong Kong and overseas decreased by 0.3% from approximately HK\$1,169.8 million for the year ended 31 December 2015 to approximately HK\$1,165.8 million for the year ended 31 December 2016, primarily as a result of the decrease in revenue of our bag-type instant noodles from approximately HK\$565.7 million to approximately HK\$531.8 million for the same periods. Such decrease was primarily due to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to MCMS from late 2016 to early 2017. As part of the transition, we gradually ceased to sell our “Demae Iccho (出前一丁)” (出前一丁) instant noodles to Customers B since late 2016 so that the terminated sub-distributor could finish up its old inventories. At the same time, we kept our newly produced “Demae Iccho (出前一丁)” (出前一丁) in our or external warehouses for future sales. As such, we experienced a decrease in sales and an increase in inventories of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from late 2016 to early 2017. The decrease in revenue of our bag-type instant noodles in Hong Kong for the year ended 31 December 2016 was also attributable to our general decreased sales of instant noodle products to tourists from China to Hong Kong in 2016 as compared to 2015.

The decrease in our revenue in Hong Kong and overseas for the year ended 31 December 2016 was partially offset by the increase in revenue of our cup and bowl-type instant noodles in Hong Kong and overseas from approximately HK\$365.2 million for the year ended 31 December 2015 to approximately HK\$386.2 million for the year ended 31 December 2016. Such increase was primarily the result of our increased sales of cup-type instant noodles and the launch of our “Big Cup Noodles (合味道)” (合味道) (BIG) with new flavours, such as XO sauce seafood and curry seafood. The decrease in our revenue in Hong Kong and overseas was also partially offset by the increase in revenue of our frozen food and other products in Hong Kong and overseas from approximately HK\$238.9 million to approximately HK\$247.8 million for the same period. Such increase was primarily the result of our sales of newly launched organic frozen food products, including Nissin Watering Dumplings and frozen Sanuki Udon, and our potato chip products.

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Our sales to distributors in Hong Kong and overseas increased from approximately HK\$861.5 million for the year ended 31 December 2015 to approximately HK\$868.0 million for the year ended 31 December 2016. Such increase was primarily the result of our increased sales of cup-type instant noodles and the launch of our “Big Cup Noodles (合味道)” (BIG 合味道) with new flavours. Our sales to the retailers and other direct customers in Hong Kong and overseas both decreased from approximately HK\$228.2 million and HK\$80.1 million for the year ended 31 December 2015, respectively, to approximately HK\$227.5 million and HK\$70.4 million for the year ended 31 December 2016, respectively. The decrease in our sales to our other direct customers was primarily due to our decreased sales to hotels and for other catering purposes as a result of the general decrease of tourists from China to Hong Kong in 2016 as compared to 2015 and reclassification of a number of our other direct customers to distributors.

PRC

Our revenue in the PRC translated from Renminbi into HK dollars increased by approximately 0.4% from approximately HK\$1,458.9 million for the year ended 31 December 2015 to approximately HK\$1,464.1 million for the year ended 31 December 2016, primarily due to our increased sales in eastern China and northern and western China from approximately HK\$356.6 million and HK\$88.3 million, respectively, to approximately HK\$374.6 million and HK\$92.2 million, respectively, for the same period as a result of our continued business expansion in the PRC. Excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 6.9% for the same period.

The increase in our revenue in the PRC for the year ended 31 December 2016 was primarily due to the increase in revenue of our instant noodles in the PRC from approximately HK\$1,411.4 million for the year ended 31 December 2015 to approximately HK\$1,426.6 million. Such increase was primarily due to our increased sales of bag-type instant noodles from approximately HK\$138.2 million to approximately HK\$166.0 million for the same period, primarily as a result of the increasing popularity of our “Demae Icho (出前一丁)” (出前一丁) instant noodle products in the PRC. Although the sales of our instant noodles in the PRC was affected by the general decrease in demand for and sales of our instant noodles in the PRC, primarily the results of the incidents relating to food safety in the PRC and the increasing competitiveness of the overall PRC instant noodle market, we were still able to achieve a stable business growth in the PRC as a result of our diversified brands, market reputation and stringent food quality control. The increase in our revenue in the PRC for the year ended 31 December 2016 was, nevertheless, partially offset by the decrease in revenue of our frozen food products in the PRC from approximately HK\$47.5 million for the year ended 31 December 2015 to approximately HK\$37.5 million for the year ended 31 December 2016. Such decrease was primarily the result of the increasing competitiveness of our certain competitors in the southern China which sell their products through their e-commerce channel.

Our sales to distributors in the PRC increased from approximately HK\$1,395.7 million for the year ended 31 December 2015 to approximately HK\$1,436.7 million for the year ended 31 December 2016 as we continued to expand our distribution network in the PRC, while our sales to the retailers was relatively stable for the same period. Such increase was partially offset by the decrease in our sales to the other direct customers from approximately HK\$54.0 million to approximately HK\$18.1 million for the same period.

Cost of sales

Our cost of sales decreased by 2.7% from approximately HK\$1,633.3 million for the year ended 31 December 2015 to approximately HK\$1,588.7 million for the year ended 31 December 2016. The continuous decrease in our cost of sales was primarily attributable to the decrease in our

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cost of raw materials (including packaging materials) by 3.5% from approximately HK\$1,081.1 million for the year ended 31 December 2015 to approximately HK\$1,043.8 million for the year ended 31 December 2016, which was primarily as a result of (i) our increased procurement from certain raw material suppliers at relatively competitive pricing; (ii) the general decrease in prices of certain of our key raw materials, such as wheat flour; and (iii) our decreased purchases of packaging materials as a result of us starting to self-produce the same at our Dongguan Production Plant since 2016.

Gross profit and gross profit margin

Our overall gross profit increased by 4.6% from approximately HK\$995.3 million for the year ended 31 December 2015 to approximately HK\$1,041.2 million for the year ended 31 December 2016, while our overall gross profit margin also increased from approximately 37.9% to 39.6% for the same period. While gross profit of our sales in the PRC translated from Renminbi into HK dollars increased by approximately 2.6% from approximately HK\$510.9 million for the year ended 31 December 2015 to HK\$524.5 million for the year ended 31 December 2016, excluding the effects of foreign exchange arising from translation, gross profit of our sales in the PRC increased by approximately 9.3% for the same period.

The increase in our gross profit was primarily due to the increases in gross profit of our instant noodles in both Hong Kong and overseas and the PRC from approximately HK\$399.3 million and HK\$487.0 million for the year ended 31 December 2015, respectively, to approximately HK\$427.5 million and HK\$501.3 million for the year ended 31 December 2016, respectively. The increase in gross profit of our instant noodles in Hong Kong and overseas was primarily the result of the increased demand for and sales of our cup-type instant noodles and the launch of our “Big Cup Noodles (合味道)” (合味道) with new flavours in Hong Kong. The increase in gross profit of our instant noodles in the PRC was primarily the result of the continuous expansion of our business in the PRC and particularly, the increased demand for and sales of our bag-type instant noodles under our “Demae Iccho (出前一丁)” (出前一丁). The gross profit margins of our sales of instant noodles in Hong Kong and overseas and the PRC also increased from approximately 42.9% and 34.5% for the year ended 31 December 2015, respectively, to approximately 46.6% and 35.1% for the year ended 31 December 2016, respectively. The increase in gross profit margin of our sales of instant noodles in Hong Kong and overseas was primarily due to (i) the general decrease in prices of certain of our key raw materials, such as wheat flour; (ii) our increased procurement from certain raw material suppliers at relatively competitive pricing; and (iii) our decreased purchases of packaging materials as a result of us starting to self-produce the same at our Dongguan Production Plant since 2016. The increase in gross profit margin of our sales of instant noodles in the PRC was primarily due to our pricing adjustment for “Cup Noodles (合味道)” (合味道) instant noodle products in order to align the pricing of such products throughout the PRC.

The increases in our gross profit and gross profit margin were also attributable to the increases in gross profit and gross profit margin of our sales of frozen food and other products in Hong Kong and overseas from approximately HK\$85.1 million and 35.6%, respectively, to approximately HK\$89.2 million and 36.0%, respectively, for the same period, primarily as a result of our sales of newly launched organic frozen food products, including Nissin Watering Dumplings and frozen Sanuki Udon, and potato chip products, and our increased production automation and improved production efficiency at our production plants in Hong Kong, following our investment in advanced production machinery and equipment. The gross profit of our sales of frozen food products in the PRC was relatively stable for the year ended 31 December 2016 while the gross profit margin increased from approximately 50.3% for the year ended 31 December 2015 to approximately 61.9% for the year ended 31 December 2016, primarily due to the increased product mix of our frozen food products offered in the PRC.

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Other income

Our other income decreased by 13.3% from approximately HK\$36.4 million for the year ended 31 December 2015 to approximately HK\$31.6 million for the year ended 31 December 2016. Such decrease was primarily attributable to the decrease in our miscellaneous income received from selling scrap materials from approximately HK\$8.4 million for the year ended 31 December 2015 to approximately HK\$3.8 million for the year ended 31 December 2016.

Selling and distribution costs

Our selling and distribution costs increased by 6.0% from approximately HK\$572.8 million for the year ended 31 December 2015 to approximately HK\$607.1 million for the year ended 31 December 2016, primarily as a result of the increases in our promotional expenses and freight and storage costs from approximately HK\$304.0 million and HK\$67.8 million for the year ended 31 December 2015, respectively, to approximately HK\$318.5 million and HK\$75.6 million for the year ended 31 December 2016, respectively. Such increases were primarily attributable to our shelf listing expenses paid to retailers and increased inventory storage costs incurred as a result of the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle product to MCMS from late 2016 to early 2017. For more details of our 51.0% equity interest acquisition of MCMS and the relevant business arrangement for such acquisition, please refer to the sections headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (3) Acquisition of MCMS” and “Business – Sales and marketing – Our customers – Retailers” in this prospectus. The increase in our selling and distribution costs was also attributable to the increases in our salaries and allowances and marketing and advertising expenses from approximately HK\$129.2 million and HK\$42.4 million for the year ended 31 December 2015, respectively, to approximately HK\$136.7 million and HK\$50.7 million for the year ended 31 December 2016, respectively, as our business continued to expand. The increase in our marketing and advertising expenses for the year ended 31 December 2016 was also attributable to our expenses incurred for the new opening and operation of My Cup Noodles Factory and Demae Iccho Factory, which aim to promote our brands and connect with younger generation, children and family consumers in a closer manner through direct and active experience with our brands and products.

Administrative expenses

Our administrative expenses increased by 5.7% from approximately HK\$135.9 million for the year ended 31 December 2015 to approximately HK\$143.7 million for the year ended 31 December 2016, primarily due to the increases in our service fees to audit and professional parties from approximately HK\$8.2 million for the year ended 31 December 2015 to approximately HK\$17.1 million for the year ended 31 December 2016 as a result of our consulting fees paid to consulting firms to advise on our business strategy and financials as our business continued to expand. The increase in our administrative expense was also attributable to the increase in our salary and welfare from approximately HK\$58.0 million for the year ended 31 December 2015 to approximately HK\$63.7 million for the year ended 31 December 2016, primarily the result of our increased number of management and administrative personnel in both Hong Kong and PRC as our business continued to grow. Such increases were partially offset by our decreased business taxes and surcharges from approximately HK\$17.2 million for the year ended 31 December 2015 to approximately HK\$15.0 million, primarily due to the exemption of flood prevention tax for Nissin Shunde in 2016.

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Other expenses

Our other expenses increased by 122.9% from approximately HK\$37.0 million for the year ended 31 December 2015 to approximately HK\$82.4 million for the year ended 31 December 2016, primarily the result of our expenses incurred to cease the operation and close down our Songjiang Production Plant and our listing expenses incurred for the Global Offering. For more details of our termination of the Songjiang Production Plant, please refer to the section headed “Business – Production – Production plants” in this prospectus.

Other gains and losses

We continued to realise other losses for the year ended 31 December 2016. Our other losses increased by 288.3% from approximately HK\$18.5 million for the year ended 31 December 2015 to approximately HK\$71.9 million for the year ended 31 December 2016, primarily as a result of the increase in our impairment loss recognised on property, plant and equipment from approximately HK\$3.0 million to HK\$42.9 million for the same period. Such increase was primarily the result of ceasing operation and closing down of our Songjiang Production Plant, when we disposed of the majority of our old production machinery and equipment. Please refer to the section headed “Business – Production – Production plants” in this prospectus for more details.

Loss on disposal of available-for-sale investments

We did not realise any loss on disposal of available-for-sale investments for the year ended 31 December 2016.

Income tax expenses

Our income tax decreased by 8.9% from approximately HK\$66.4 million for the year ended 31 December 2015 to approximately HK\$60.5 million for the year ended 31 December 2016, primarily due to our losses incurred as a result of ceasing operation and closing down of the Songjiang Production Plant. Our effective tax rate for the year ended 31 December 2016 was relatively stable at approximately 36.1%.

Profit for the year

As a result of the factors described above, we recorded profit of approximately HK\$107.2 million for the year ended 31 December 2016.

Year ended 31 December 2015 compared with year ended 31 December 2014

Revenue

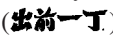

Our revenue increased by 3.7% from approximately HK\$2,536.0 million for the year ended 31 December 2014 to approximately HK\$2,628.7 million for the year ended 31 December 2015, primarily due to the increase in our revenue in the PRC from approximately HK\$1,371.0 million for the year ended 31 December 2014 to approximately HK\$1,458.9 million for the year ended 31 December 2015 as a result of our continuous business expansion in the PRC. As our consolidated financial statements are prepared in HK dollars, the results and financial position of our PRC

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subsidiaries, which were initially prepared in Renminbi, were translated into HK dollars using average monthly exchange rates and exchange rates prevailing at the end of each reporting period, respectively. For the year ended 31 December 2014 to the year ended 31 December 2015, our revenue in the PRC translated from Renminbi to HK dollars increased by approximately 6.4%, while excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 8.1% for the same period. The increase in our revenue for the year ended 31 December 2015 was also attributable to the increase in our revenue in Hong Kong and overseas from approximately HK\$1,165.0 million for the year ended 31 December 2014 to approximately HK\$1,169.8 million for the year ended 31 December 2015. For the purpose to illustrate the effect of foreign exchange on our historical financial statements by retranslating the revenue of our PRC subsidiaries in its functional currency to the presenting currency of our Group using the average exchange rate same as that in the preceding year, our revenue would additionally increase by approximately 0.9% for the year ended 31 December 2014 to the year ended 31 December 2015.

Hong Kong and overseas

Our revenue in Hong Kong and overseas increased by 0.4% from approximately HK\$1,165.0 million for the year ended 31 December 2014 to approximately HK\$1,169.8 million for the year ended 31 December 2015, primarily as the result of the increase in revenue of our frozen food and other products in Hong Kong and overseas from approximately HK\$223.7 million for the year ended 31 December 2014 to approximately HK\$238.9 million for the year ended 31 December 2015. Such increase was primarily due to the increased sales of our frozen products, such as frozen dim sum under “Doll Dim Sun (公仔點心)” (), and the launch of our frozen udon and frozen ramen products under “NISSIN (日清)” ().

The increase in our revenue in Hong Kong and overseas was partially offset by the decrease in revenue of our instant noodles in Hong Kong and overseas from approximately HK\$941.3 million for the year ended 31 December 2014 to approximately HK\$930.8 million for the year ended 31 December 2015, primarily the result of our decreased sales of bag-type instant noodles from approximately HK\$589.0 million for the year ended 31 December 2014 to approximately HK\$565.7 million for the year ended 31 December 2015. Such decrease was primarily due to our change of sales strategy in 2014 to gradually sell “Demae Iccho (出前一丁)” () instant noodles to PRC through Nissin China Holding rather than through our distributors in Hong Kong due to the increasing popularity of such products in the PRC. As a result, our sales of bag-type instant noodles to our customers decreased in Hong Kong and overseas for the year ended 31 December 2015 while our inter-segment revenue for our Hong Kong operation increased for the same period. The decrease in the sales of our bag-type instant noodles was also attributable to our general decreased sales of instant noodle products to tourists from China to Hong Kong in 2015 as compared to 2014. The decrease in revenue of our bag-type instant noodles was partially offset by our increased sales of cup-type instant noodles under our “Cup Noodles (合味道)” () with new flavours, including chili crab, black pepper crab and tom yum goong.

Our sales to distributors in Hong Kong and overseas increased from approximately HK\$838.3 million for the year ended 31 December 2014 to approximately HK\$861.5 million for the year ended 31 December 2015, primarily the result of our increased sales of cup-type instant noodles and the launch of our “Cup Noodles (合味道)” () with new flavours. Our sales to the retailers and other direct customers in Hong Kong and overseas both decreased from approximately HK\$232.9 million and HK\$93.8 million for the year ended 31 December 2014, respectively, to approximately HK\$228.2 million and HK\$80.1 million for the year ended 31 December 2015, respectively, primarily due to our decreased sales of products to tourists from China to Hong Kong in 2015.

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PRC

Our revenue in the PRC translated from Renminbi to HK dollars increased by approximately 6.4% from approximately HK\$1,371.0 million for the year ended 31 December 2014 to HK\$1,458.9 million for the year ended 31 December 2015. Excluding the effects of foreign exchange arising from translation, our revenue in the PRC increased by approximately 8.1% for the same period.

Sales of our instant noodles in the PRC increased by 5.8% from approximately HK\$1,334.1 million for the year ended 31 December 2014 to approximately HK\$1,411.4 million for the year ended 31 December 2015, primarily as the result of our continuous focus in the sales of our cup and bowl-type instant noodles and our increased sales in southern and eastern China as a result of our continued business expansion in the PRC from approximately HK\$1,305.5 million for the year ended 31 December 2014 to approximately HK\$1,370.6 million for the year ended 31 December 2015. Our sales in the northern and western China also increased from approximately HK\$65.5 million for the year ended 31 December 2014 to approximately HK\$88.3 million for the year ended 31 December 2015. Sales of our frozen food products in the PRC also increased from approximately HK\$36.9 million for the year ended 31 December 2014 to approximately HK\$47.5 million for the year ended 31 December 2015.

As we sell most of our products in the PRC through our distributors, sales to our distributors in the PRC also increased from approximately HK\$1,289.4 million for the year ended 31 December 2014 to approximately HK\$1,395.7 million for the year ended 31 December 2015. The number of our distributors in the PRC increased from 295 as at 31 December 2014 to 452 as at 31 December 2015. The number of our liaising points also increased from 28 as at 31 December 2014 to 49 as at 31 December 2015. The increase in sales to our distributors in the PRC was partially offset by the decrease in sales to our retailers in the PRC from approximately HK\$10.6 million for the year ended 31 December 2014 to approximately HK\$9.2 million for the year ended 31 December 2015.

Cost of sales

Our cost of sales decreased by 2.2% from approximately HK\$1,670.5 million for the year ended 31 December 2014 to approximately HK\$1,633.3 million for the year ended 31 December 2015. The decrease in our cost of sales was primarily attributable to the decrease in our cost of raw materials (including packaging materials) by 4.6% from approximately HK\$1,133.3 million for the year ended 31 December 2014 to approximately HK\$1,081.1 million for the year ended 31 December 2015, which was primarily as a result of (i) the general decrease in prices of certain of our key raw materials, such as palm oil; (ii) our increased procurement from certain raw material suppliers at relatively competitive pricing; and (iii) our decreased purchases of raw materials as a result of our decreased production volume attributable to our decreased sales of instant noodles in Hong Kong.

Gross profit and gross profit margin

Our overall gross profit increased by 15.0% from approximately HK\$865.5 million for the year ended 31 December 2014 to approximately HK\$995.3 million for the year ended 31 December 2015, while our overall gross profit margin also increased from approximately 34.1% to 37.9% for the same period. While gross profit of our sales in the PRC translated from Renminbi into HK dollars increased by approximately 16.3% from approximately HK\$439.2 million for the year ended 31 December 2014 to approximately HK\$510.9 million for the year ended 31 December 2015, excluding the effects of foreign exchange arising from translation, gross profit of our sales in the PRC increased by approximately 18.2% during the same period.

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The increase in our gross profit was primarily due to the increases in gross profit of our sales of instant noodles in both Hong Kong and the PRC from approximately HK\$354.0 million and HK\$425.2 million for the year ended 31 December 2014, respectively, to approximately HK\$399.3 million and HK\$487.0 million for the year ended 31 December 2015, respectively. Such increases were primarily the result of the increased demand for and sales of our cup-type instant noodles and the launch of our “Cup Noodles (合味道)” (合味道) with new flavours in Hong Kong and our continuous business expansion in the PRC. The gross profit margins of our sales of instant noodles in Hong Kong and the PRC also increased from approximately 37.6% and 31.9% for the year ended 31 December 2014, respectively, to approximately 42.9% and 34.5% for the year ended 31 December 2015, respectively, primarily due to our increased production automation and improved production efficiency at our Shunde Production Plant following our investment in advanced production machinery and equipment.

The increases in our gross profit and gross profit margin were also attributable to the increases in gross profit and gross profit margin of our sales of frozen food and other products in both Hong Kong and the PRC, primarily as a result of our outsourcing arrangement after we ceased operation and closed down our production plant for frozen food products in Shenzhen, the PRC, which in turn, reduced our production overhead and labour costs.

Other income

Our other income increased by 14.8% from approximately HK\$31.7 million for the year ended 31 December 2014 to approximately HK\$36.4 million for the year ended 31 December 2015. Such increase was primarily attributable to the increase in our miscellaneous income received from selling scrap noodles from approximately HK\$4.7 million for the year ended 31 December 2014 to approximately HK\$8.4 million for the year ended 31 December 2015 as a result of our increased production volume in 2015.

Selling and distribution costs

Our selling and distribution costs increased by 19.9% from approximately HK\$477.5 million for the year ended 31 December 2014 to approximately HK\$572.8 million for the year ended 31 December 2015, primarily as a result of the increase in our promotional expenses from approximately HK\$242.6 million for the year ended 31 December 2014 to approximately HK\$304.0 million for the year ended 31 December 2015. Such increase was primarily due to our increased promotional expenses reimbursed to the sub-distributors and our retailers to boost the market growth in Hong Kong in 2015, taking into account the decreased tourists from China to Hong Kong in 2015 as compared to 2014. The increase in our selling and distribution costs was also attributable to the increases in our salaries and allowances and freight and storage expenses from approximately HK\$108.3 million and HK\$58.2 million for the year ended 31 December 2014, respectively, to approximately HK\$129.2 million and HK\$67.8 million for the year ended 31 December 2015, respectively, as our business continued to expand.

Administrative expenses

Our administrative expenses increased by 5.8% from approximately HK\$128.5 million for the year ended 31 December 2014 to approximately HK\$135.9 million for the year ended 31 December 2015, primarily due to the increases in the salary and welfare and business taxes and surcharges from approximately HK\$52.2 million and HK\$11.7 million for the year ended 31 December 2014,

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respectively, to approximately HK\$58.0 million and HK\$17.2 million for the year ended 31 December 2015, respectively, primarily the result of our increased number of management personnel and sales as our business continued to grow in the PRC. Such increases were partially offset by our decreased service fees to audit and professional parties from approximately HK\$18.7 million for the year ended 31 December 2014 to approximately HK\$8.2 million for the year ended 31 December 2015.

Other expenses

Our other expenses increased from approximately HK\$19.3 million for the year ended 31 December 2014 to approximately HK\$37.0 million for the year ended 31 December 2015, primarily the result of our expenses incurred for our Reorganisation of transferring the equity interest in our PRC subsidiaries from our Company to Nissin China Holding and our listing expenses incurred for the Global Offering. For more details of our Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure – Reorganisation – (2) Transfer of equity interests in our PRC subsidiaries from our Company to Nissin China Holding” in this prospectus.

Other gains and losses

We realised other losses for the year ended 31 December 2015. Our other losses decreased by 54.5% from approximately HK\$40.7 million for the year ended 31 December 2014 to approximately HK\$18.5 million for the year ended 31 December 2015. We recognised an impairment loss of approximately HK\$21.2 million on the trademark of “Fuku (福)” (福) for the year ended 31 December 2014. We did not make such impairment loss on our trademark for the year ended 31 December 2015.

We acquired “Fuku (福)” (福) brand in 2012 to diversify our instant noodle product offerings. The trademark of “Fuku (福)” (福) expects to be amortised over its estimated useful life of 15 years. Based on the internal meeting record and report prepared by us in 2012, we determined the useful life for “Fuku (福)” (福) brand based on the stability of the food industry and continuous history of “Fuku (福)” (福) which was over 30 years at acquisition of such brand. The estimated useful life of our trademarks is also generally determined by our management based on assessment of the future economic benefit expected to be generated by such trademark, taking into account the product life cycle, market, competitive and environmental trends and brand extension opportunities.

Loss on disposal of available-for-sale investments

We realised a loss on disposal of available-for-sale investments of approximately HK\$85.0 million for the year ended 31 December 2015, primarily the result of our disposal of entire equity interest in Jinmailang. Please refer to the section headed “History, Reorganisation and Corporate Structure – Acquisitions and disposals of our Group – (1) Disposals of Jinmailang” in this prospectus for more details.

Income tax expenses

Our income tax increased by 13.7% from approximately HK\$58.4 million for the year ended 31 December 2014 to approximately HK\$66.4 million for the year ended 31 December 2015. Such increase was primarily due to the non-deductible tax expense of approximately HK\$19.1 million, mainly as a result of our disposal of entire equity interest in Jinmailang. This also explains the increase in our effective tax rate from approximately 25.3% for the year ended 31 December 2014 to approximately 36.4% for the year ended 31 December 2015.

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Profit for the year

As a result of the factors described above, we recorded profit of approximately HK\$116.2 million for the year ended 31 December 2015.

LIQUIDITY AND CAPITAL RESOURCES

We require a substantial amount of capital to fund our working capital requirements, purchases of property, plant and equipment and business expansion. Our operation and growth have primarily been financed by cash generated from our operations.

Cash flow

As at 31 December 2014, 2015 and 2016 and 30 June 2017, we had cash and cash equivalents of approximately HK\$1,113.1 million, HK\$1,471.7 million, HK\$1,096.3 million and HK\$1,329.1 million, respectively. The following table sets out our cash flows for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Net cash from operating activities	246,262	294,081	211,459	123,242	84,450
Net cash (used in) from investing activities	(515,272)	(168,772)	(33,135)	286,727	146,872
Net cash from (used in) financing activities	393,901	302,251	(496,005)	(496,005)	(9,911)
Net increase (decrease) in cash and cash equivalents.	124,891	427,560	(317,681)	(86,036)	221,411
Effect of foreign exchange rates changes	1,714	(68,964)	(57,730)	(19,191)	11,437
Cash and cash equivalents at the beginning of the year/period.	986,510	1,113,115	1,471,711	1,471,711	1,096,300
Cash and cash equivalents at the end of the year/period.	1,113,115	1,471,711	1,096,300	1,366,484	1,329,148

Cash flows generated from operating activities

We derive our cash inflows from operating activities principally from the receipt of payments for the sales of our products. Our cash outflows from operating activities are principally for our purchases of raw materials.

For the year ended 31 December 2014, we had net cash from operating activities of approximately HK\$246.3 million, which was primarily contributed by our profit before taxation of approximately HK\$231.1 million and a decrease in inventories of approximately HK\$70.6 million.

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These cash inflows were partially offset by our income tax paid of approximately HK\$34.9 million, a decrease in other payables and accruals of approximately HK\$23.2 million and an increase in other receivables, prepayments and deposits of approximately HK\$15.2 million. The decrease in inventories was primarily due to the general decrease in prices of certain of our key raw materials and our increased procurement from certain raw material suppliers at relatively competitive pricing. The decrease in other payable and accruals was primarily due to our decreased accrued employee compensation as a result of ceasing operation and closing down of our production plant for frozen food products in Shenzhen, the PRC in March 2014. The increase in other receivables, prepayments and deposits was primarily due to an increase in our prepaid value-added taxes and other taxes as a result of our increased raw material purchases due to our business expansion in the PRC.

For the year ended 31 December 2015, we had net cash from operating activities of approximately HK\$294.1 million, which was primarily contributed by our profit before taxation of approximately HK\$182.6 million, an increase in other payables and accruals of approximately HK\$58.3 million and a decrease in inventories of approximately HK\$56.9 million. These cash inflows were partially offset by our income tax paid of approximately HK\$66.6 million, a decrease in trade payables of approximately HK\$21.3 million and an increase in trade receivables of approximately HK\$20.7 million. The increase in our other payables and accruals was primarily due to the increase in our value-added tax and other tax payables as our business in the PRC continued to expand. The decreases in inventories and trade payables were primarily due to the general decrease in prices of certain of our key raw materials and our increased procurement from certain raw material suppliers at relatively competitive pricing. The increase in trade receivables was primarily due to our increased sales in the PRC in 2015.

For the year ended 31 December 2016, we had net cash from operating activities of approximately HK\$211.5 million, which was primarily contributed by our profit before taxation of approximately HK\$167.7 million, a decrease in trade receivables of approximately HK\$18.8 million and an increase in other payables and accruals of approximately HK\$15.9 million. These cash inflows were partially offset by our income tax paid of approximately HK\$75.3 million and an increase in other receivables, prepayments and deposits of approximately HK\$21.0 million. The decrease in our trade receivables was primarily due to our decreased sales of “Demae Iccho (出前一丁) (出前一丁)” instant noodle products in Hong Kong as a result of the transition of our distribution channel of such branded products to MCMS from late 2016 to early 2017. The increase in our other payables and accruals was primarily due to the increase in our promotional and marketing and advertising expense payables due to our new marketing initiatives and transition of distribution channel for “Demae Iccho (出前一丁) (出前一丁)” to MCMS from late 2016 to early 2017. The increase in other receivables, prepayments and deposits was primarily due to our increased prepaid value-added taxes as a result of purchasing machinery and equipment for our Xiamen Production Plant and electricity deposits for our Nissin Plant and Pinghu Production Plant.

For the six months ended 30 June 2017, we had net cash from operating activities of approximately HK\$84.5 million, which was primarily contributed by our profit before taxation of approximately HK\$133.8 million and a decrease in inventories of approximately HK\$94.9 million. These cash inflows were partially offset by an increase in our trade receivables of approximately HK\$73.8 million, our income tax paid of approximately HK\$41.7 million and a decrease in our trade payables of approximately HK\$29.2 million. The decreases in inventories and trade payables were primarily due to the general decrease in prices of wheat flours in both Hong Kong and the PRC and our decreased purchases of raw materials as a result of our decreased production volume attributable to our decreased sales of instant noodles in Hong Kong. The increase in our trade receivables was primarily due to our increased sales of other branded products primarily to retailers and other direct customers after our acquisition of 51.0% equity interest of MCMS in March 2017.

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Cash flows (used in) from investing activities

Our cash outflows for investing activities primarily consisted of placement of time deposits with original maturity of more than three months, payment for the purchases of property, plant and equipment, payment for prepaid land lease, purchase of available-for-sale investments and purchase of trademark. Our cash inflows for investing activities primarily consisted of withdrawal of time deposits with original maturity of more than three months, interest received and proceeds received from the disposal of property, plant and equipment.

For the year ended 31 December 2014, our net cash used in investing activities amounted to approximately HK\$515.3 million, which was primarily due to the placement of time deposits with original maturity of more than three months of approximately HK\$588.1 million as part of our cash management, purchases of production machinery and equipment of approximately HK\$141.0 million mainly for the construction of our Dongguan Production Plant, improvement of production facilities at our Shunde Production Plant and for the first phase expansion of our Nissin Plant, and prepaid land lease payments of approximately HK\$46.9 million mainly for the lands of our Dongguan and Xiamen Production Plants. These cash outflows were partially offset by the maturity of our time deposits of approximately HK\$233.8 million, the interest received of approximately HK\$23.2 million and the proceeds received from the disposal of obsolete production machinery and equipment of approximately HK\$16.7 million.

For the year ended 31 December 2015, our net cash used in investing activities amounted to approximately HK\$168.8 million, which was primarily due to purchases of production machinery and equipment of approximately HK\$398.4 million mainly for the construction of our Xiamen Production Plant and for the first phase expansion of our Nissin Plant, and the placement of time deposits with original maturity of more than three months of approximately HK\$224.4 million as part of our cash management. These cash outflows were partially offset by the maturity of our time deposits of approximately HK\$453.6 million and interests received of approximately HK\$30.3 million.

For the year ended 31 December 2016, our net cash used in investing activities amounted to approximately HK\$33.1 million, which was primarily due to the purchases of production machinery and equipment of approximately HK\$421.9 million, mainly for the construction of our Pinghu Production Plant and for the first phase expansion of our Nissin Plant which was completed in the end of 2016, and placement of time deposits with original maturity of more than three months of approximately HK\$259.3 million. These cash outflows were partially offset by the proceeds received from our disposal of entire equity interest in Jinmailang of approximately HK\$536.3 million and the maturity of our time deposits of approximately HK\$67.6 million.

For the six months ended 30 June 2017, our net cash from investing activities amounted to approximately HK\$146.9 million, which was primarily due to the maturity of our time deposits of approximately HK\$536.2 million. These cash inflows were partially offset by the placement of time deposits with original maturity of more than three months of approximately HK\$207.0 million and the purchases of production machinery and equipment of approximately HK\$170.2 million for the construction of our Pinghu Production Plant and Nissin Plant.

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Cash flows from/(used in) financing activities

Our cash inflow for financing activities primarily consisted of issue of shares. Our cash outflow for financing activities primarily consisted of acquisition of additional equity interest in Winner Food, dividend paid to non-controlling interests and dividend paid to the owner of the Company.

For the year ended 31 December 2014, our net cash from financing activities amounted to approximately HK\$393.9 million, primarily contributed by our issue of new shares with value of approximately HK\$548.1 million to Nissin Japan as consideration paid for its capital injection mainly for the construction of the new production plant in Xiamen, Fujian province, the PRC and the expansion of the production plants in Hong Kong. These cash inflows were partially offset by our acquisition of the additional 26.0% equity interest in Winner Food of approximately HK\$129.5 million in 2014 from Itochu Corporation, which had also been one of our top customers during the Track Record Period. For further details of our acquisition of Winner Food, please refer to the section headed “History, Reorganisation and Corporate Structure – Corporate development of our Group – Development of our major operating subsidiaries in Hong Kong – Acquisition of Winner Food” in this prospectus.

For the year ended 31 December 2015, our net cash from financing activities amounted to approximately HK\$302.3 million, which was primarily contributed by our issue of new shares with value of approximately HK\$309.7 million to Nissin Japan as consideration paid for its capital injection for the construction of our production plant in Pinghu, Zhejiang province, the PRC. These cash inflows were offset by our dividend payment of approximately HK\$7.4 million to Zhuhai S.E.Z Western Development Co. for its 29.55% of the equity interest owned in Zhuhai Winner.

For the year ended 31 December 2016, our net cash used in financing activities amounted to approximately HK\$496.0 million, primary due to our dividend payment of HK\$540.0 million. The cash outflow was offset by our issue of new shares with value of approximately HK\$44.0 million to our executive Director and chief executive officer, Mr. Kiyotaka Ando as consideration for his subscription of 283,837 new Shares in February 2016. For more details of Mr. Ando’s share subscription, please refer to the section headed “History, Reorganisation and Corporate Structure – Subscription of new Shares by our Director” in this prospectus.

For the six months ended 30 June 2017, our net cash used in financing activities amounted to approximately HK\$9.9 million, primarily due to our dividend paid to non-controlling interests, which represent the interests not held by us in the results of our non-wholly-owned subsidiaries.

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Current assets and liabilities

The following table sets out details of our current assets and liabilities as at the dates indicated:

	As at 31 December			As at 30 June	As at 30 September
	2014	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(Unaudited)</i>
Current assets					
Prepaid lease payments for					
leasehold land	1,775	1,672	1,582	1,631	1,666
Inventories	161,114	165,570	215,131	223,076	237,569
Trade receivables	304,035	316,471	296,371	404,375	486,073
Other receivables, prepayments and deposits.	44,185	589,015	72,041	98,824	100,792
Loan receivable	547	547	547	547	547
Amount due from ultimate holding company	3,834	4,391	3,447	3,771	3,749
Amounts due from fellow subsidiaries	1,081	3,358	541	2,344	2,755
Amount due from a non- controlling shareholder of a subsidiary.	–	188	225	375	–
Tax recoverable	228	610	2,851	12,235	9,377
Pledged bank deposit.	12,422	–	–	–	–
Time deposits over three months	383,609	154,439	346,221	17,000	25,500
Bank balances and cash	1,113,115	1,471,711	1,096,300	1,329,148	1,415,394
	2,025,945	2,707,972	2,035,257	2,093,326	2,283,422
Current liabilities					
Trade payables	151,867	136,718	153,848	216,393	270,882
Other payables and accruals.	309,118	424,521	502,618	887,086	941,689
Amount due to ultimate holding company	18,508	17,533	17,001	16,680	14,400
Amounts due to fellow subsidiaries	1,026	1,080	4,474	4,502	3,481
Tax liabilities	31,464	41,000	26,483	27,670	41,516
	511,983	620,852	704,424	1,152,331	1,271,968
Net current assets	1,513,962	2,087,120	1,330,833	940,995	1,011,454

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Our net current assets increased to approximately HK\$1,514.0 million as at 31 December 2014, primarily due to an increase in our placement of net time deposits with original maturity of more than three months of approximately HK\$354.4 million mainly as part of our cash management and an increase of approximately HK\$126.6 million in our bank and cash balance.

Our net current assets increased to approximately HK\$2,087.1 million as at 31 December 2015, primarily due to an increase in other receivables, prepayments and deposits of approximately HK\$544.8 million primarily as a result of our consideration receivable on disposal of our entire equity interest in Jinmailang and an increase of approximately HK\$358.6 million in our bank and cash balance. Such consideration receivable on disposal of Jinmailang was fully settled in January 2016.

Our net current assets decreased to approximately HK\$1,330.8 million as at 31 December 2016, primarily due to a decrease in our other receivables, prepayments and deposits of approximately HK\$517.0 million primarily as a result of our consideration receivable on disposal of our entire equity interest in Jinmailang in 2015, which was fully settled in January 2016, and payment of dividend of HK\$540.0 million. The decrease in our net current assets was also attributable to the increase in our other payables and accruals, primarily the result of our increased construction payables for our Nissin Plant and Pinghu Production Plant.

Our net current assets decreased to approximately HK\$941.0 million as at 30 June 2017, primarily due to a decrease of approximately HK\$329.2 million in our time deposits over three months. The decrease in our net current assets was also attributable to (i) the increase of approximately HK\$384.5 million in our other payables and accruals, primarily due to the increase in our dividend payable as we declared dividend of HK\$400.0 million in April 2017; and (ii) the increase of approximately HK\$62.5 million in our trade payables, primarily due to our increased procurement of other branded products after our acquisition of 51.0% equity interest of MCMS in March 2017. The decrease in our net current assets was partially offset by the increase of approximately HK\$108.0 million in our trade receivables, also primarily due to our increased sales of other branded products primarily to retailers and other direct customers after our acquisition of 51.0% equity interest of MCMS in March 2017.

As at 30 September 2017, being the latest practicable date for the purpose of indebtedness statement in this prospectus, we had net current assets of approximately HK\$1,011.5 million, primarily due to an increase in our trade receivables of approximately HK\$81.7 million, an increase in our inventory of approximately HK\$14.5 million and an increase in our bank balances and cash of approximately HK\$86.2 million. The increases in our trade receivables and inventories were primarily the result of our increased sales of instant noodles in both Hong Kong and the PRC and increased sales of other branded products in Hong Kong for the three months ended 30 September 2017. Such increases were partially offset by an increase in our trade payables of approximately HK\$54.5 million and an increase in our other payables and accruals of approximately HK\$54.6 million. The increase in our trade payables was primarily due to our increased procurement of raw materials and other branded products for the same period as our sales increased.

Working capital

As at 30 September 2017, being the latest practicable date for the purpose of indebtedness statement in this prospectus, we did not have any bank borrowings, and our unutilised banking facilities were approximately HK\$180.8 million with no restriction on their drawdown. Our

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Directors believe that after taking into consideration the financial resources available to us, including cash flows from our operations and estimated net proceeds from the Global Offering, we will have sufficient working capital for at least 12 months commencing from the date of this prospectus and the Sole Sponsor concurs with our Directors.

CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. The following table sets out the breakdown of our inventories as at the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Raw materials	70,006	81,996	88,642	86,201
Work in progress	5,363	8,920	16,879	19,325
Finished goods	85,745	74,654	109,610	117,550
Total:	161,114	165,570	215,131	223,076

Our inventories increased from approximately HK\$161.1 million as at 31 December 2014 to approximately HK\$165.6 million as at 31 December 2015. Such increase in our inventories was primarily due to our increased purchases of raw materials as a result of the general decrease in prices of certain of our key materials and our increasing bargain power with our raw material suppliers.

Our inventories increased to approximately HK\$215.1 million as at 31 December 2016. Such increase in our inventories was primarily due to the increase in our finished goods, which was primarily attributable to our increased inventory storage of “Demae Iccho (出前一丁)” (出前一丁) instant noodle products as a result of the transition of our distribution channel of such branded products to MCMS from late 2016 to early 2017. The increase in our inventories as at 31 December 2016 was also attributable to the increases in our raw materials and work in progress at such balance sheet date. The increases in our raw materials and work in progress were primarily due to our increased purchases of raw materials for packaging materials and packaging materials produced at our Dongguan Production Plant.

Our inventories increased to approximately HK\$223.1 million as at 30 June 2017. Such increase in our inventories was primarily attributable to the increase in our finished goods, which was primarily due to us commencing to procure the other branded products after our acquisition of 51.0% equity interest of MCMS in March 2017. The decrease in our raw materials was primarily due to (i) our decreased purchases of raw materials as a result of our decreased production volume attributable to our decreased sales of instant noodles in Hong Kong; and (ii) the general decrease in prices of wheat flour in both Hong Kong and the PRC.

We actively monitor our inventory levels on a first-in-first-out basis, and seek to maintain a low level of inventory. We have employed ERP system to track the in-coming and out-going inventories. This system enables us to monitor levels of inventories on a timely basis so as to maintain an optimum level of raw materials and finished products. During the Track Record Period

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and up to the Latest Practicable Date, we did not experience any shortage in the supply of our raw materials. Although some of our raw materials, such as vegetables, spices and marine products, have seasonal effect, we typically give a half to one year forecast to our suppliers so that they are able to plan ahead and meet our procurement needs. For our commonly used raw materials, we generally maintain certain inventory level in order to support our production needs as well as to make prototypes for new products for our research and development purpose. Further, although we do not have a general impairment policy for our inventories, our management reviews aging analysis at the end of each reporting period and makes allowance for obsolete and slow-moving inventories items based on latest selling prices and current market conditions. During the Track Record Period, we did not make any provision on our inventories.

As at 30 September 2017, approximately HK\$194.1 million or 87.0% of our inventories as at 30 June 2017 had been sold or utilised.

The following table sets out our average inventory turnover days for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
Average inventory turnover days ⁽¹⁾	36	37	44	46

Note:

- (1) Average inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant financial year/period divided by cost of sales of the relevant financial year/period and multiplied by 365 days/180 days in the case of six months ended 30 June 2017.

Our average inventory turnover days were relatively stable at approximately 36 and 37 days for the years ended 31 December 2014 and 2015, respectively. Our average inventory turnover days increased to approximately 44 days for the year ended 31 December 2016, primarily due to our increased finished goods as at 31 December 2016 as a result of our increased inventory storage of “Demae Iccho (出前一丁)” (出前一丁) instant noodle products due to the transition of our distribution channel of such branded products to MCMS from late 2016 to early 2017. Our average inventory turnover days continued to increase to approximately 46 days as at 30 June 2017, primarily attributable to the increase in our finished goods, which was primarily due to us commencing to procure the other branded products after our acquisition of 51.0% equity interest of MCMS in March 2017.

Trade receivables

Our trade receivables primarily relate to receivables for our products sold to our customers. We typically grant credit period up to 30 to 60 days to our major distributors and up to 105 days to our major retailers depending on their credit history, historical sales performance, business scale, points of sale and their business relationship with us. For our customers with relatively smaller operation scale or new customers, we generally require them to make full payment to us before we deliver our products to them. For our sales to the Nissin Japan Group, we generally grant a credit period of approximately 30 days, which is similar to those we grant to our major distributors.

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The following table sets out a summary of our trade receivables as at the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	305,436	317,708	298,583	406,059
Less: Allowance for doubtful debts.	(1,401)	(1,237)	(2,212)	(1,684)
	304,035	316,471	296,371	404,375

Our trade receivables increased from approximately HK\$304.0 million as at 31 December 2014 to approximately HK\$316.5 million as at 31 December 2015, primarily due to our increased sales of instant noodles in the PRC in 2015. Our trade receivables decreased to approximately HK\$296.4 million as at 31 December 2016, primarily due to our decreased sales of “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in Hong Kong as a result of the transition of our distribution channel of such branded products to MCMS from late 2016 to early 2017.

Our trade receivables increased to approximately HK\$404.4 million as at 30 June 2017, primarily due to our increased sales of other branded products primarily to retailers and other direct customers in Hong Kong after our acquisition of 51.0% equity interest of MCMS in March 2017. The increase in our trade receivables was also partially attributable to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from a sub-distributor to MCMS. Upon completion of our acquisition of 51.0% equity interest of MCMS in March 2017, we started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products primarily to retailers in Hong Kong through the distribution channel of MCMS. As MCMS was wholly owned by Customer B and also a sub-distributor of other branded products under Customer B prior to our acquisition, we decided to keep the same sales arrangement after our acquisition for the ease of transition and management of the distribution channel. As such, after acquisition, we still sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in Hong Kong to Customer B for it to on-sell to MCMS to its customers. As Customer B is a third party to us, we record trade receivables when we sell our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to Customer B both prior to and after our acquisition. Since MCMS also records trade receivables when it sells the same to its customers, we realised an increase in our trade receivables as at 30 June 2017 after our consolidation of MCMS since March 2017.

Our management closely and actively monitors the recoverability of our receivables on a regular basis, and when appropriate, provides for impairment for these trade receivables. We typically review the recovery status of our trade receivables from the individual customer on a case-by-case basis and maintain strict control over our outstanding receivables and overdue balances in order to minimise our credit risk. As at 31 December 2014, 2015 and 2016 and 30 June 2017, we had aggregate carrying amount of approximately HK\$86.4 million, HK\$47.5 million, HK\$26.3 million and HK\$94.9 million respectively, which were past due at the end of the reporting period for which we had not provided for impairment loss. As these aging trade receivables mainly related to our major distributors, our Directors consider that there has not been a significant change in credit quality and the amounts are still considered recoverable bases on our historical experience. Further, for those trade receivables whose recovery are considered doubtful but not remote,

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impairment losses are recorded using an allowance account and will be written off against trade receivables directly. As at 31 December 2014, 2015 and 2016 and 30 June 2017, our allowance for doubtful debts amounted to approximately HK\$1.4 million, HK\$1.2 million, HK\$2.2 million and HK\$1.7 million, respectively. Our Directors believe that our policy for the provision for impairment of our trade receivables is adequate.

The following table sets out the ageing analysis of our trade receivables as at the dates indicated, based on the invoice date:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	236,134	205,509	186,473	232,032
31 to 90 days	60,943	105,884	104,111	129,932
91 to 180 days	6,958	5,078	5,787	42,411
	304,035	316,471	296,371	404,375

As at 30 September 2017, approximately HK\$373.2 million or 92.3% of our trade receivables as at 30 June 2017 had been settled.

The following table sets out the average turnover days of our trade receivables for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
Average turnover days of our trade receivables ⁽¹⁾	44	43	43	47

Note:

- (1) Average turnover days of our trade receivables equal to the average of the opening and closing balances of trade receivables (net of allowance for doubtful debts) for the relevant financial year/period divided by revenue of the relevant financial year/period and multiplied by 365 days/180 days in the case of six months ended 30 June 2017.

Our average turnover days of our trade receivables were relatively stable for the years ended 31 December 2014, 2015 and 2016. Our average turnover days of our trade receivables increased for the six months ended 30 June 2017, primarily as a result of our increased balance of trade receivables as at 30 June 2017, which was primarily due to our increased sales of other branded products primarily to retailers and other direct customers in Hong Kong after our acquisition of 51.0% equity interest of MCMS in March 2017.

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Other receivables, prepayments and deposits

Our other receivables, prepayments and deposits mainly comprise our consideration receivable on disposal of available-for-sale investments, other receivables, prepayments and others, prepaid value-added tax and other taxes and utilities and other deposits. The following table sets out a summary of our other receivables, prepayments and deposits as of the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Consideration receivable on disposal of available-for-sale investments	–	537,134	–	–
Other receivables	12,053	6,216	9,469	24,193
Prepayments and others	4,545	7,016	9,387	18,060
Prepaid value-added tax and other taxes	14,930	25,983	38,768	41,093
Utilities and other deposits . . .	12,657	12,666	14,417	15,478
Total:	44,185	589,015	72,041	98,824

Our other receivables, prepayments and deposits increased from approximately HK\$44.2 million as at 31 December 2014 to approximately HK\$589.0 million as at 31 December 2015, primarily as a result of the consideration receivable on disposal of our entire equity interest in Jinmailang of approximately HK\$537.1 million in 2015, which was fully settled in January 2016. Although our other receivables, prepayments and deposits decreased to approximately HK\$72.0 million as at 31 December 2016, our prepaid value-added taxes and other taxes increased during the Track Record Period as we had increased our procurement of raw materials in the PRC as a result of the general decrease in prices of certain of our key raw materials and our increased purchases of raw materials in the PRC for our newly constructed production plants. Our other receivables, prepayments and deposits increased to approximately HK\$98.8 million as at 30 June 2017, primarily attributable to the increases in balances of other receivables and prepayments as at 30 June 2017 after our consolidation of MCMS since March 2017.

Amount due from ultimate holding company and fellow subsidiaries

Amount due from ultimate holding company primarily represented the expenses incurred on behalf of Nissin Japan, such as rental costs incurred under the work station sharing arrangement, management fees incurred under the service sharing arrangement, and a portion of salaries and benefits we incurred on behalf of Nissin Japan for the Transferred Employees during the Track Record Period. Amounts due from ultimate holding company was approximately HK\$3.8 million, HK\$4.4 million, HK\$3.4 million and HK\$3.8 million as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively. Upon Listing, we will commence to pay the wages of all the Transferred Employees apart from the nominal wages required to maintain the Japan statutory social insurance for these Transferred Employees, which will still be borne by Nissin Japan after Listing. For more details of the arrangement of the Transferred Employees, please refer to the section headed “Relationship with Controlling Shareholder – Independence of our Group from the Nissin Japan Group – Management independence – Our Directors and senior management – Transferred Employees” in this prospectus. Please also refer to the section headed “Connected Transactions – 1. Fully exempt continuing connected transactions” in this prospectus for more details of our work station sharing arrangement and service sharing arrangement with Nissin Japan.

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Amount due from fellow subsidiaries represents the trade receivables due by the Nissin Japan Group for the sales of our instant noodles and soup base. Amounts due from fellow subsidiaries was approximately HK\$1.1 million, HK\$3.4 million, HK\$0.5 million and HK\$2.3 million as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

For more details of our arrangement with Nissin Japan for the Transferred Employees and our sales to the Nissin Japan Group, please refer to the sections headed “Relationship with Controlling Shareholder” and “Connected Transactions” in this prospectus.

Amount due from a non-controlling shareholder of a subsidiary

Amount due from a non-controlling shareholder of a subsidiary represents our rental income incurred on behalf of KOIKE-YA for one seconded employee. Amount due from a non-controlling shareholder of a subsidiary was nil, HK\$0.2 million, HK\$0.2 million and HK\$0.4 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

Trade payables

Trade payables primarily relate to purchases of raw materials from our suppliers. Our suppliers generally grant us credit terms up to 60 days from date of billing invoices. We generally settle our payables in Hong Kong and overseas in Hong Kong or US dollars and our payables in the PRC in RMB, both by bank transfer.

Our trade payables decreased from approximately HK\$151.9 million as at 31 December 2014 to approximately HK\$136.7 million as at 31 December 2015, primarily due to the general decrease in prices of our key raw materials, such as palm oil, and our increasing bargaining power with our raw material suppliers. Our trade payables increased to approximately HK\$153.8 million as at 31 December 2016, primarily due to the increase in our purchases of raw materials for packaging materials to be produced at our Dongguan Production Plant. Our trade payables increased to approximately HK\$216.4 million as 30 June 2017, primarily due to our increased procurement of other branded products after our acquisition of 51.0% equity interest of MCMS in March 2017. The increase in our trade payables was also partially attributable to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from a sub-distributor to MCMS. Upon completion of our acquisition of 51.0% equity interest of MCMS in March 2017, we started to sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products primarily to retailers in Hong Kong through the distribution channel of MCMS. As MCMS was wholly owned by Customer B and also a sub-distributor of other branded products under Customer B prior to our acquisition, we decided to keep the same sales arrangement after our acquisition for the ease of transition and management of the distribution channel. As such, after acquisition, we still sell the majority of our “Demae Iccho (出前一丁)” (出前一丁) instant noodle products in Hong Kong to Customer B for it to on-sell to MCMS to its customers. As Customer B is a third party to us, MCMS records trade payables when it purchases “Demae Iccho (出前一丁)” (出前一丁) instant noodle products from Customer B, which partially led to an increase in our trade payables as at 30 June 2017 after our consolidation of MCMS since March 2017.

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The following table sets out the ageing analysis of our trade payables as at the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	100,646	94,945	98,679	125,482
31 to 90 days	50,042	40,888	51,000	61,630
91 to 180 days	1,170	714	1,181	28,806
Over 181 days	9	171	2,988	475
	151,867	136,718	153,848	216,393

As at 30 September 2017, approximately HK\$190.8 million or 88.2%, of our trade payables as at 30 June 2017 had been settled.

The following table sets out the average turnover days of our trade payables for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
Average turnover days of our trade payables ⁽¹⁾	34	32	33	39

Note:

- (1) Average turnover days of our trade payables equal to the average of the opening and closing balances of trade payables of the relevant financial year/period divided by cost of sales of the relevant financial year/period and multiplied by 365 days/180 days in the case of six months ended 30 June 2017.

Our average turnover days of our trade payables were relatively stable for the years ended 31 December 2014, 2015 and 2016. Our average turnover days of our trade payables increased for the six months ended 30 June 2017, primarily as a result of our relatively longer credit period for our procurement of other branded products from MCHK after our acquisition of 51.0% equity interest of MCMS in March 2017.

Other payables and accruals

Our other payables and accruals primarily comprise our accruals for promotion and advertising expenses, accrued employee compensation, construction payables, staff costs and welfare payables, value-added tax and other taxes and other payables and accruals. The following table sets out a summary of our other payables and accruals as of the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accruals for promotional and advertising expenses	178,870	221,531	278,632	272,310
Construction payables	1,267	48,528	53,230	22,632
Dividend payable	–	–	9,911	412,606
Staff costs and welfare payables	65,242	70,414	76,134	67,217
Value-added tax and other tax payables	4,802	14,491	11,406	8,655
Other payables and accruals	58,937	69,557	73,305	103,666
Total:	309,118	424,521	502,618	887,086

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Our other payables and accruals increased from approximately HK\$309.1 million as at 31 December 2014 to approximately HK\$424.5 million as at 31 December 2015, primarily due to the increase in our construction payables of approximately HK\$47.3 million for the construction of our Xiamen Production Plant and the increase in our accruals for promotional and advertising expenses of approximately HK\$42.7 million as a result of our increased promotional expenses reimbursed to the sub-distributors and our retailers in 2015 to boost our market growth in Hong Kong.

Our other payables and accruals further increased to approximately HK\$502.6 million as at 31 December 2016, primarily due to our increased promotional and marketing and advertising expense payables. The increase in our promotional expense payables was primarily as a result of our fees payables to retailers due to the transition of our distribution channel for “Demae Iccho (出前一丁)” (出前一丁) instant noodle products to MCMS from late 2016 to early 2017. The increase in our marketing and advertising expense payables was primarily due to our marketing and advertising expenses incurred for the new opening and operation of our My Cup Noodles Factory and Demae Iccho Factory, which aim to promote our brands and connect with younger generation, children and family consumers in a closer manner through direct and active experience with our brands and products, and our increased advertising expenses for our pop-up stores and commercial advertisements for new products.

Our other payables and accruals increased to approximately HK\$887.1 million as at 30 June 2017, primarily attributable to the increase in our dividend payable as we declared dividend of HK\$400.0 million in April 2017.

Amount due to ultimate holding company and fellow subsidiaries

Amount due to ultimate holding company and fellow subsidiaries represents our trade payables due to the Nissin Japan Group for our purchases of raw materials, finished goods and production machinery and equipment. Amounts due to ultimate holding company amounted to approximately HK\$18.5 million, HK\$17.5 million, HK\$17.0 million and HK\$16.7 million as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively. Amounts due to fellow subsidiaries amounted to approximately HK\$1.0 million, HK\$1.1 million, HK\$4.5 million and HK\$4.5 million as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

For more details of our purchases from the Nissin Japan Group, please refer to the sections headed “Connected Transactions” and “Relationship with Controlling Shareholder” in this prospectus.

INDEBTEDNESS

As at 30 September 2017, being the latest practicable date for the purpose of indebtedness statement in this prospectus, we did not have any bank borrowings. We also did not have any outstanding mortgages, charges, debentures, bank overdrafts, or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credit or any guarantee outstanding as at 30 September 2017. Our unutilised banking facilities were approximately HK\$180.8 million with no restriction on their drawdown as at 30 September 2017.

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CAPITAL EXPENDITURES

Historical capital expenditures

The following table sets out our historical capital expenditures during the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment .	152,735	427,859	467,572	166,989

The capital expenditure incurred for the year ended 31 December 2014 primarily represented our purchases of land and production machinery and equipment for the construction of our Dongguan Production Plant, improvement of production facilities at our Shunde Production Plant and for the first expansion of our Nissin Plant. The capital expenditure incurred for the year ended 31 December 2015 primarily represented our construction and purchases of production machinery and equipment for our Xiamen Production Plant and Nissin Plant. The capital expenditure incurred for the year ended 31 December 2016 and the six months ended 30 June 2017 primarily represented our construction and purchases of production machinery and equipment for our Nissin Plant and Pinghu Production Plant. We financed our capital expenditures primarily through our cash generated from our operating activities and capital injection by Nissin Japan.

Planned capital expenditures

As part of our future growth strategy, we currently expect to incur additional HK\$458.5 million in capital expenditures through the year ending 31 December 2018 primarily to be used in the upgrade and expansion of our existing production plants in both Hong Kong and the PRC. Such capital expenditures will be primarily funded by the net proceeds from the Global Offering with the remaining capital expenditures funded by our working capital. The following table sets out a summary of our planned capital expenditures for the periods indicated:

	Year ending 31 December	
	2017	2018
	HK\$'000	HK\$'000
Expansion of Nissin Plant for warehouse and production	20,101	106,377
Upgrade of production lines to improve production efficiency for Wing On Plant	–	35,000
Establishment of new production lines and purchases of production machinery and equipment for packaging facilities at Zhuhai Production Plant . . .	22,318	42,355
Modification of production lines to manufacture both cup and bag-type instant noodles at Zhuhai Production Plant	–	34,961
Upgrade of production lines to improve production efficiency for Shunde Production Plant	–	34,961
Construction of a new production plant for frozen food products in the PRC	–	100,000
General maintenance and improvement of current production plants	6,561	55,825
Total:	48,980	409,479

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We anticipate that our planned capital expenditures will be financed by cash generated from our operations and proceeds from the Global Offering. The estimated amounts of expenditures set out above may vary from the actual amounts of expenditures for a variety of reasons, including changes in market conditions, competition, and other factors.

Our current plan with respect to future capital expenditures is subject to change based on the evolution of our business plan, including potential acquisitions, the progress of our capital projects, market conditions and our outlook of future business conditions. As we continue to expand, we may incur additional capital expenditures. Our ability to obtain additional funding in the future is subject to a variety of uncertainties including our future results of operations, economic, political and other conditions in the PRC and elsewhere, government policies relating to our industry and relevant rules and regulations in the PRC and elsewhere. Other than as required by laws and relevant rules and regulations, we do not undertake any obligation to publish updates of our capital expenditure plans. Please also refer to “Forward-looking Statements” in this prospectus.

CONTRACTUAL COMMITMENTS

Capital commitments

Our capital commitments as at 31 December 2014, 2015 and 2016 and 30 June 2017 were primarily related to the acquisition and construction of our new production plants and purchases of new production machinery and equipment. The following table sets out a summary of our capital commitments as at the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial information. . . .	<u>195,512</u>	<u>486,526</u>	<u>246,916</u>	<u>219,921</u>

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Operating lease commitments

As at the Latest Practicable Date, we leased 19 and 73 properties in Hong Kong and the PRC, respectively, as our employees' dormitories, liaising points and offices under our operating lease arrangements. We had non-cancellable operating lease agreements with respect to our rentals payable for these offices and dormitories, and such leases are negotiated for an average term of two years. Our operating lease commitment increased from approximately HK\$12.9 million as at 31 December 2014 to approximately HK\$13.3 million as at 31 December 2015, and decreased to approximately HK\$5.3 million for the year ended 31 December 2016. The increase in our operating lease commitment as at 31 December 2015 was primarily due to the increase in our leased employees' dormitories for employees and liaising points in the PRC. The decrease in our operating lease commitments as at 31 December 2016 was primarily due to the expiration of certain operating lease agreements at such balance sheet date. The increase in our operating lease commitments as at 30 June 2017 was primarily due to our renewal of several lease contracts and increased lease commitment for our liaising points in the PRC. The table below sets out the outstanding commitments for future minimum lease payments under our non-cancellable lease agreements as at the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	7,808	7,813	5,287	8,221
In the second to fifth years, inclusive	5,124	5,445	55	442
Total	12,932	13,258	5,342	8,663

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various transactions with the Nissin Japan Group, which will continue after the Listing. These transactions primarily include but not limited to (i) sales of certain raw materials and finished products to the Nissin Japan Group; (ii) procurement of certain raw materials from the Nissin Japan Group; (iii) outsourcing manufacturing and procurement of finished products from the Nissin Japan Group; (iv) licensing of certain technology and trademark from Nissin Japan; and (v) work stations sharing with and provision of certain management services to Nissin Japan. Our Directors are of the view that such transactions have been carried out in the ordinary course of business of our Group and are entered into on normal commercial terms and are fair and reasonable. Please refer to the section headed "Connected Transactions" in this prospectus for further details of our connected transactions.

CONTINGENT LIABILITIES

As at 31 December 2014, 2015 and 2016 and 30 June 2017, we had no material contingent liabilities. If we were involved in material legal proceedings, we would record any loss contingencies when, based on information then available, it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. As at the Latest Practicable Date, we were involved in a claim made against us and demanded us to pay a compensation of a sum of approximately HK\$43.8 million plus related legal costs. For more detail of this claim, please refer to the section headed "Business – Legal proceedings and regulatory compliance – Particulars of claims against our Company as at the Latest Practicable Date" in this prospectus.

FINANCIAL INFORMATION

FINANCIAL RATIOS

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
Net profit margin ⁽¹⁾	6.8%	4.4%	4.1%	7.6%
Return on equity ⁽²⁾	6.0%	3.6%	4.0%	4.2%
Return on assets ⁽³⁾	5.0%	3.0%	3.1%	2.8%
Interest coverage ⁽⁴⁾	–	–	–	–

	As at 31 December			As at 30 June
	2014	2015	2016	2017
Current ratio ⁽⁵⁾	4.0	4.4	2.9	1.8
Quick ratio ⁽⁶⁾	3.6	4.1	2.6	1.6
Gearing ratio ⁽⁷⁾	–	–	–	–
Net debt to equity ratio ⁽⁸⁾	–	–	–	–

Notes:

- (1) Net profit margin represents profit for the financial year/period divided by revenue for the same financial year/period.
- (2) Return on equity represents profit for the financial year/period divided by total equity as at the end of the financial year/period.
- (3) Return on assets represents profit for the financial year/period divided by total assets as at the end of the financial year/period.
- (4) Interest coverage represents profit before tax and finance costs divided by finance costs for the financial year/period.
- (5) Current ratio represents total current assets divided by total current liabilities as at the end of the financial year/period.
- (6) Quick ratio represents total current assets less inventories divided by total current liabilities as at the end of the financial year/period.
- (7) Gearing ratio represents bank and other borrowings divided by total equity as at the end of the financial year/period.
- (8) Net debt to equity ratio represents bank and other borrowings less cash and cash equivalents divided by total equity as at the end of the financial year/period.

Net profit margin

Our net profit margin decreased from approximately 6.8% for the year ended 31 December 2014 to approximately 4.4% for the year ended 31 December 2015, primarily as a result of our decreased net profit for the same period due to our loss from disposal of our entire equity interest in Jinmailang of approximately HK\$85.0 million. Our net profit margin further decreased to approximately 4.1% for the year ended 31 December 2016, primarily as a result of our decreased net profit for the same period, which was primarily due to (i) our expenses and losses incurred as result of ceasing operation and closing down of our Songjiang Production Plant; and (ii) our listing expenses incurred for the Global Offering. Our net profit margin increased to approximately 7.6% for the six months ended 30 June 2017, primarily due to (i) the decrease in our other expenses as we incurred substantial amount of listing expenses for the Global Offering for the year ended 31 December 2016; (ii) the decrease in our other losses as we recognised impairment losses on property, plant and equipment for the year ended 31 December 2016 as a result of us ceasing operation and closing down of our Songjiang Production Plant in October 2016; and (iii) us realising foreign exchange gains instead of foreign exchange losses for the six months ended 30 June 2017.

FINANCIAL INFORMATION

Return on equity

Our return on equity decreased from approximately 6.0% for the year ended 31 December 2014 to 3.6% for the year ended 31 December 2015, primarily as a result of our decreased net profit for the same period due to our loss from disposal of our entire equity interest in Jinmailang of approximately HK\$85.0 million. Our return on equity increased to approximately 4.0% for the year ended 31 December 2016, primarily due to the decrease in our total equity for the year ended 31 December 2016, primarily as a result of our payment of dividend of HK\$540.0 million in 2016. Our return on equity further increased to approximately 4.2% for the six months ended 30 June 2017, primarily due to the comparatively higher percentage decrease in our total equity as compared with the percentage decrease in our profit for the period.

Return on assets

Our return on assets decreased from approximately 5.0% for the year ended 31 December 2014 to approximately 3.0% for the year ended 31 December 2015, primarily as a result of our decreased net profit for the same period due to our loss from disposal of our entire equity interest in Jinmailang of approximately HK\$85.0 million. Our return on assets was relatively stable for the year ended 31 December 2016 at approximately 3.1%. Our return on assets decreased to approximately 2.8% for the six months ended 30 June 2017, primarily due to the increase in our total assets as a result of (i) our increased expenditures on the construction of and purchases of new production machinery and equipment for our Pinghu Production Plant and Nissin Plant; and (ii) our increased trade receivables, primarily due to our increased sales of other branded products primarily to retailers and other direct customers after our acquisition of 51.0% equity interest of MCMS in March 2017.

Interest coverage

As at 31 December 2014, 2015 and 2016 and 30 June 2017, we did not have any bank borrowings. As such, we did not have any finance costs during the Track Record Period.

Current ratio and quick ratio

Our current ratio and quick ratio increased from approximately 4.0 and 3.6 as at 31 December 2014, respectively, to approximately 4.4 and 4.1 as at 31 December 2015, respectively. Such increases were primarily due to the increases in our bank balances and cash and the increases in other receivables, prepayments and deposits, primarily as a result of consideration receivable on disposal of our entire equity interest in Jinmailang. Our current ratio and quick ratio decreased to approximately 2.9 and 2.6 as at 31 December 2016, respectively. Such decreases were primarily due to the decreases in our other receivables, prepayments and deposits and bank balances and cash. Our current ratio and quick ratio further decreased to approximately 1.8 and 1.6 as at 30 June 2017, respectively. Such decreases were primarily due to the increase in our other payables and accruals, primarily attributable to the increase in our dividend payable as we declared dividend of HK\$400.0 million in April 2017.

Gearing ratio and net debt to equity ratio

As at 31 December 2014, 2015 and 2016 and 30 June 2017, we did not have any bank borrowings.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of market risks (including currency risk and interest rate risk), credit risk and liquidity risk in the ordinary course of our business. We did not enter into or trade in derivative financial instruments either for hedging or speculative purposes and there has been no change to our exposure to market risks or the manner in which we manage and measure our risks. Our exposure to these risks are described below.

Currency risk

We have foreign currency sales and purchases, which expose us to foreign currency risk. The following table sets out a summary of the carrying amounts of our foreign currency denominated monetary assets and monetary liabilities as at the dates indicated:

	Assets				Liabilities			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
USD . . .	92,083	44,645	79,980	111,592	17,760	19,622	18,370	18,461
HK\$. . .	3	180	5,426	5,739	1	1	1	–
JPY	7,432	9,751	902	472	6,788	6,348	7,588	11,534
RMB . . .	371,854	962,486	300,552	313,988	50,828	96,978	102,637	84,640
SGD . . .	–	–	–	–	–	–	934	491

As HK\$ is currently pegged to USD, our directors consider that our Group's exposure to fluctuation in HK\$ against USD is limited. Our Group's currency risk is mainly concentrated on the fluctuations of JPY, RMB and SGD against HK\$, and USD against RMB.

For more details of our currency risk, please refer to note 35 to the accountants' report in Appendix I to this prospectus.

Interest rate risk

We are exposed to cash flow interest rate risk due to the fluctuation of prevailing market interest rate on bank deposits. We are also exposed to fair value interest rate risk in relation to fixed-rate bank deposits and loans to subsidiaries. We currently do not have interest rate risk hedging policy, however, the management monitors interest rate exposure on dynamic basis.

Our Directors consider that the overall interest rate is not significant as bank balances are all short term and interest rates are currently at low level with no significant changes are expected for the foreseeable future.

FINANCIAL INFORMATION

Equity price risk

We were exposed to equity price risk as at 30 June 2017 through our investments in equity securities. Our management manages our exposure by maintaining a portfolio of investments with different risks. For more details on our equity price risk, please refer to note 35 to the accountants' report in Appendix I to this prospectus.

Credit risk

Our maximum exposure to credit risk which will cause a financial loss to our Group due to failure to discharge an obligation by the counterparties arises from the carrying amounts of the respective financial assets.

In order to minimise the credit risk, our management have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-standings. Our company is exposed to concentration of credit risk on our amount due from a subsidiary. However, as the counterparty is a group company controlled by our Company, our Directors consider that our Company's credit risk in respect of such balance is insignificant.

We have no other significant concentration of credit risk, which exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. For more details of our liquidity risk, please refer to note 35 to the accountants' report in Appendix I to this prospectus.

DISTRIBUTABLE RESERVES

As at 30 June 2017, the Company had retained profits of approximately HK\$539.8 million. Such retained profits are available for distribution to our Shareholders.

FINANCIAL INFORMATION

DIVIDEND

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, we recognised nil, nil, HK\$540.0 million and nil as distribution to our then equity holders, respectively, and recognised approximately HK\$28.0 million, HK\$7.4 million and HK\$9.9 million as distribution to our non-controlling Shareholders, respectively. We also declared interim dividend of HK\$400.0 million in April 2017 and paid such dividend with our working capital to our then equity holders on 10 November 2017.

After Listing, we intend to declare and pay dividends, but we currently do not have a dividend policy with a fixed dividend payout ratio. The payment and the amount of any dividends, if paid, will depend on the results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that we may consider relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment and amount of dividends will be subject to our discretion.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

LISTING EXPENSES

For the year ended 31 December 2015 and 2016 and the six months ended 30 June 2017, we incurred listing expenses of approximately HK\$6.2 million, HK\$21.1 million and HK\$0.7 million, respectively, which were charged to our consolidated statements of profit or loss and other comprehensive income for the same period. We expect to further incur underwriting commissions of approximately HK\$25.7 million (based on mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any discretionary incentive fees, if applicable) and other listing expenses of HK\$22.6 million by the completion of the Global Offering, of which an estimated amount of approximately HK\$11.2 million will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2017 and an estimated amount of approximately HK\$37.1 million will be capitalised. We do not expect these listing expenses to have a material impact on our business and results of operations for the year ending 31 December 2017.

FINANCIAL INFORMATION

RECENT DEVELOPMENT

As far as we are aware, the growth of the instant noodle, frozen food and other food markets in Hong Kong and the PRC remained stable after the Track Record Period. According to Frost & Sullivan, the growth of the Hong Kong instant noodle market expects to recover and the PRC instant noodle market is likely to remain a steady growth, both in terms of the retail sales value. Nevertheless, the instant noodle markets in both Hong Kong and the PRC are relatively mature and may continue to experience a slow growth in the future. We did not experience any significant drop in revenue or increase in cost of sales or other costs subsequent to the Track Record Period up to the Latest Practicable Date as there were no significant changes to the general business model of our Group and economic environment.

The following represents our management's analysis on our results of operations for the three months ended 30 September 2017. Our Directors are responsible for the preparation and fair presentation of the unaudited condensed consolidated financial statements of our Group for the three months ended 30 September 2017 in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. Our condensed consolidated financial statements for the three months ended 30 September 2017 are unaudited but have been reviewed by our reporting accountants, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Based on our unaudited condensed consolidated financial statements, our total revenue and gross profit increased by approximately 18.2%, and 9.0%, from approximately HK\$693.9 million and HK\$272.4 million for the three months ended 30 September 2016, respectively, to approximately HK\$820.4 million and HK\$296.9 million for the three months ended 30 September 2017, respectively, primarily due to our business growth during the same period. Such business growth was primarily the results of our increased sales of instant noodles in both Hong Kong and the PRC during the same period and our commencement of sales of other branded products in Hong Kong since March 2017. Nevertheless, our gross profit margin decreased from approximately 39.3% for the three months ended 30 September 2016 to approximately 36.2% for the three months ended 30 September 2017, primarily the reason that the gross profit margins for our other branded were generally lower than the gross profit margins of our self-manufactured products, which in turn, led to a lower overall gross profit margin for the period.

Based on our unaudited consolidated management amount, we had (i) net current asset of approximately HK\$1,011.5 million and unutilised banking facilities of approximately HK\$180.8 million as at 30 September 2017; and (ii) net cash from operating activities of approximately HK\$102.2 million for the three months ended 30 September 2017.

FINANCIAL INFORMATION

NISSIN JAPAN SECOND QUARTER RESULTS

Warning Statement

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS TO MAKE YOUR INVESTMENT DECISION. IN PARTICULAR, YOU SHOULD NOT RELY ON ANY PARTICULAR STATEMENTS IN OTHER PUBLISHED ANNOUNCEMENTS, PRESS AND MEDIA COVERAGE AND/OR RESEARCH ANALYST REPORTS RELATING TO OUR CONTROLLING SHAREHOLDER, NISSIN JAPAN, OUR GROUP AND THE GLOBAL OFFERING. PLEASE REFER TO THE SECTION HEADED “DISCLOSURE BY THE CONTROLLING SHAREHOLDER” IN THIS PROSPECTUS.

On 10 November 2017, Nissin Japan published its half year financial report for the six months ended 30 September 2017 and second quarter financial results summary for the three months ended 30 September 2017 on the Tokyo Stock Exchange (collectively, the “NJ Second Quarter Results”). The following is a summary of the selected financial information relating to Nissin Japan’s performance for its China segment, which comprises the whole financial performance of our Group for the same period, extracted from the NJ Second Quarter Results:

	Three months ended 30 September 2017
	JPY million
Net sales.	11,500
Operating income	1,200

As confirmed by Nissin Japan, the net sales of its China segment in the NJ Second Quarter Results was derived from our revenue, and the operating income of its China segment in the NJ Second Quarter Results was primarily derived from our gross profit less our selling and distribution costs of approximately HK\$164.0 million, administrative expenses of approximately HK\$42.7 million and research and development expenses of approximately HK\$6.9 million for the three months ended 30 September 2017. Our Directors confirm that there is no material difference between the financial information of its China segment published by Nissin Japan and our financial information. The NJ Second Quarter Results were prepared by Nissin Japan for its own reporting and disclosure purpose. We make no representation as to the appropriateness, accuracy, completeness or reliability of the information disclosed in the NJ Second Quarter Results. Investors should not rely on any particular statements from the NJ Second Quarter Results, or in other published announcements, press and media coverage and/or research analyst reports relating to Nissin Japan, our Group and the Global Offering other than those issued by us.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position since 30 June 2017 and there is no event since 30 June 2017 which would materially affect the information shown in the accountants’ report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of our adjusted consolidated net tangible assets, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2017. This unaudited pro forma statement of consolidated adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as at 30 June 2017 or any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share
	HK\$'000	HK\$'000	HK\$'000	HK\$
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>
Based on a minimum Offer Price of HK\$3.45 per Offer Share	2,285,521	880,785	3,166,306	2.95
Based on a maximum Offer Price of HK\$4.21 per Offer Share	2,285,521	1,079,803	3,365,324	3.13

Notes:

- (1) The consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017 is arrived at after deducting goodwill and trademark of HK\$40,082,000 and HK\$33,118,000, respectively, from the audited consolidated net assets of HK\$2,358,721,000 attributable to owners of our Company as at 30 June 2017, as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering is based on 268,580,000 shares to be issued at a minimum Offer Price of HK\$3.45 or a maximum Offer Price of HK\$4.21 per Offer Share, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by our Group subsequent to 30 June 2017 and does not take into account of any Offer Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any shares which may be issued and allotted pursuant to the Share Award Scheme, or any shares which may be issued or repurchased pursuant to our Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived on the basis of 1,073,791,480 shares assumed to be in issue, assuming that the Share Subdivision and 268,580,000 shares to be issued pursuant to the Global Offering had been completed on 30 June 2017. It does not take into account of any Offer Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any shares which may be issued and allotted pursuant to the Share Award Scheme, or any shares which may be issued or repurchased pursuant to our Company's general mandate.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading result or other transactions of our Group entering into subsequent to 30 June 2017.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business – Future strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds of the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$3.83 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$3.45 to HK\$4.21 per Offer Share) will be approximately HK\$980.3 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately HK\$441.2 million, representing approximately 45.0% of the net proceeds from the Global Offering, is expected to be used primarily for upgrading and further expanding our production plants and facilities. We intend to incur approximately HK\$126.5 million, primarily for the second phase of expansion of our Nissin Plant which to be completed at around the end of 2018 and primarily for the expansion of our warehouse to lower our freight and storage costs, and approximately HK\$35.0 million, primarily for the upgrade of existing production lines at our Wing On Plant in late 2018 to improve production efficiency of instant noodles. We also intend to incur approximately HK\$99.6 million, primarily for the establishment of new production lines and purchases of production machinery and equipment for packaging facilities and modification of existing production lines in the middle of 2018 to manufacture both cup and bag-type instant noodles on the same production line to increase the production capacity and efficiency of our cup and bowl-type instant noodles at our Zhuhai Production Plant. We then plan to incur approximately HK\$35.0 million, primarily for the upgrade of existing production lines at our Shunde Production Plant to improve production efficiency. Further, we also consider to incur approximately HK\$100.0 million, primarily for the construction of a new production plant for frozen food products in the PRC. The remaining net proceeds will also be used primarily for the general maintenance and improvement of our existing production plants and facilities at our production plants. Upon completion of the above upgrade and expansion of our production plants and production lines, we expect that the annual design production capacity for instant noodle products at our Nissin Plant to reach approximately nine million cases, the annual design production capacity for potato chips products at our Shunde Production Plant to reach approximately six hundred tonnes, the annual design production capacity for instant noodle products at our Zhuhai Production Plant to reach approximately eighteen million cases, and the annual design production capacity for frozen food products if we construct a new production plant for frozen food products in the PRC to be approximately four thousand and five hundred tonnes. We currently do not expect to increase the design production capacity for the other existing production plants save as disclosed above. Please refer to the sections headed “Business – Production – Our expansion plan” and “Financial Information – Capital expenditures – Planned capital expenditures” in this prospectus for more details;
- approximately HK\$98.0 million, representing approximately 10.0% of the net proceeds from the Global Offering, is expected to be used primarily for further expanding our sales and distribution network in the PRC, particularly in the western and northern China. We plan to engage more distributors, establish more liaising points and further enhance our advertising and marketing efforts in these regions to increase our penetration and sales;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$49.0 million, representing approximately 5.0% of the net proceeds from the Global Offering, is expected to be used primarily for enhancing our research and development capabilities, including refining our existing product offerings, developing new flavours and launching new innovative products, to enhance consumers' eating experience and customising our production machinery and equipment to increase our production efficiency. We also plan to recruit additional experienced and talented personnel for our research and development team;
- approximately HK\$294.1 million, representing approximately 30.0% of the net proceeds from the Global Offering, is expected to be used primarily for strategic partnerships and/or acquisitions to achieve both horizontal and vertical business integrations and further diversify our instant noodle, frozen food and other product offerings. We would consider a number of factors in selecting partnership or acquisition targets, including, among others, the size of the company and the expected contribution to our business growth. In terms of the nature and the types of business to be sought, we will continue to focus on exploring food or food related companies mainly in Hong Kong, Macau, the PRC and Taiwan. While we continue to evaluate potential acquisitions of business or products, as at the Latest Practicable Date, we had not identified any acquisition target and we had not, nor has anyone on our behalf, initiated any discussions, directly or indirectly, with respect to identifying any acquisition target; and
- the remaining approximately HK\$98.0 million, representing approximately 10.0% of the net proceeds from the Global Offering, is expected to be used to fund our working capital and for general corporate purposes.

If the Offer Price is set at the high end of the indicative Offer Price range, being HK\$4.21 per Offer Share, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will increase to approximately HK\$1,079.8 million. If the Offer Price is set at the low end of the indicative Offer Price range, being HK\$3.45 per Offer Share, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will decrease to approximately HK\$880.8 million. We will adjust the allocation of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering will increase to approximately HK\$1,130.7 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high end of the indicative Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase to approximately HK\$1,245.2 million. If the Offer Price is set at the low end of the indicative Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will decrease to approximately HK\$1,016.3 million. We intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis.

Should our Directors decide to reallocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong for so long as it is in our best interests. We will also disclose the same in the relevant annual report.

As advised by our PRC Legal Advisers, subject to the relevant PRC governmental approval, registrations and/or filings, the net proceeds of the Global Offering can be applied in the PRC according to the above intended use of the net proceeds under the relevant existing laws and regulations in the PRC by: (i) increasing the registered capital of our Company's subsidiaries in the PRC; (ii) establishing a new subsidiary in the PRC; (iii) acquiring equity interests in other companies in the PRC; and/or (iv) providing shareholder's loans to our Company's subsidiaries in the PRC in an amount not exceeding the difference between the investment amount and the registered capital of such subsidiaries. Our Directors are of the view that there will be no material impact on our Group's liquidity requirements if the net proceeds of the Global Offering cannot be applied in the PRC.

UNDERWRITING

HONG KONG UNDERWRITERS

Nomura International (Hong Kong) Limited

Mizuho Securities Asia Limited

INTERNATIONAL UNDERWRITERS

Nomura International (Hong Kong) Limited

Mizuho Securities Asia Limited

THE HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 26,858,000 Hong Kong Offer Shares for subscription by members of the public in Hong Kong at the Offer Price on the terms and subject to the conditions set forth in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and our Shares to be issued pursuant to the Global Offering (including any additional Shares which may be allotted and issued under the Over-allotment Option) on the Main Board of the Stock Exchange and (ii) certain other conditions set forth in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator (on behalf of the Underwriters) and us agreeing on the Offer Price), the Hong Kong Underwriters have severally but not jointly agreed to underwrite the Hong Kong Offer Shares now being offered that are not taken up under the Hong Kong Public Offering, upon and subject to the terms and conditions set forth in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or to procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice in writing to our Company from the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if, prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Sole Global Coordinator:
 - (i) that any statement contained in this prospectus, the Application Forms, the formal notice, the preliminary offering circular, any offering circular supplemented thereto, the roadshow materials, and/or any notices, announcements, advertisements, or other offer awareness documents issued by or on behalf of our

UNDERWRITING

Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the “**Offer Related Documents**”) was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the offer Related Documents is not fair and honest and based on reasonable assumptions, when taken as a whole; or

- (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Offer Related Documents, constitute a material omission therefrom; or
- (iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or
- (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the warrantors pursuant to the Underwriting Agreements or similar indemnity provision under the International Underwriting Agreement; or
- (v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders’ equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of the Group as a whole; or
- (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties under the Underwriting Agreements; or
- (vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-Allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) we withdraw any of the Offer Related Documents or the Global Offering; or
- (ix) any person (other than the Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms, the formal notice, the preliminary offering circular, any offering circular supplemented thereto, the roadshow materials and any other document published or issued by or on behalf of our Company or the International Underwriters for the purpose of or in connection with the Global Offering or to the issue of any of the above offer documents; or

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- (x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group, for the avoidance of doubt, this provision is not applicable to Shanghai Nissin which is in the process of voluntary liquidation; or
 - (xi) an authority or a political body or organisation in any of the Specific Jurisdictions has commenced any investigation or other action, or announced an intention to investigate or take other legal action, against any of our executive or non-executive Directors, which individually or in aggregate, result in a material adverse effect as defined in the Underwriting Agreements; or
 - (xii) any loss or damage has been sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which would have a material adverse effect as defined in the Underwriting Agreements, or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation) in each case, in or affecting any of the Specific Jurisdictions; or
 - (ii) any change, or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Specific Jurisdictions; or
 - (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or

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- (iv) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any governmental authority (the “**Laws**”) or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of the Specific Jurisdictions; or
- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, Japan, the European Union (or any member thereof) or any other Specific Jurisdictions, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, under any Laws by or for any of the Specific Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any new exchange control), currency exchange rates or foreign investment Laws (including, material devaluation of the Hong Kong currency, Renminbi or Japanese Yen against any foreign currency), in or affecting any of the Specific Jurisdictions; or
- (viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (ix) any litigation or claim of any third party being threatened or instigated against any member of the Group or any of the warrantors under the Underwriting Agreements; or
- (x) any of the Director and senior management members of our Company as set out in this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer of our Company vacating his office; or
- (xii) the commencement by any governmental, regulatory or political body or organisation of any action against an executive or non-executive Director in his capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xiii) a contravention by any members of our Group or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or
- (xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the over-allotment Shares pursuant to the terms of the Global Offering; or

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- (xv) non-compliance of this prospectus and the other Offer Related Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or
- (xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC,

which in each case, individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (1) has or is or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or performance of our Company or our Group as a whole; or (2) has or will or may have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering; or (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

For the purpose of the termination clause set forth above, the “**Specific Jurisdictions**” refers to Hong Kong, the PRC, Taiwan, Macau, the United States, the United Kingdom, the European Union (or any member thereof) or Japan or Singapore or any jurisdiction relevant to any member of our Group or the Global Offering.

Undertakings under the Hong Kong Underwriting Agreement

Undertaking by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance

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over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transactions specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Other Undertakings

(A) Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) will be issued or form the subject of any agreement to such an issue within six

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months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date) except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) or for the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertaking by our Controlling Shareholder

Our Controlling Shareholder has undertaken to the Stock Exchange pursuant to Rule 10.07(1)(a) of the Listing Rules, our Company and the Sole Sponsor that except pursuant to the Global Offering and the Stock Borrowing Agreement:

- (a) it will not and will procure that the relevant registered holders will not, at any time during the period commencing from the Latest Practicable Date and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owners; and
- (b) it will not and will procure that the relevant registered holders will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it will then cease to be a Controlling Shareholder of our Company.

Note (2) of Rule 10.07(2) of the Listing Rules provides that the rule does not prevent a controlling shareholder from using our Shares owned by it as securities (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan.

Pursuant to note 3 of Rule 10.07(2) of the Listing Rules, our Controlling Shareholder has further undertaken to the Stock Exchange, our Company and the Sole Sponsor that it will, from the Latest Practicable Date and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by it in favour of any authorised institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by it, whether verbal or written, from any pledgee or charge of any Shares or other securities of our Company pledged or charged that any of such Shares or other securities will be disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholder and disclose such matters by way of an announcement as soon as possible after being so informed by our Controlling Shareholder.

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Commission

Pursuant to the Hong Kong Underwriting Agreement, our Company shall pay a commission of 2.5% of the aggregate Offer Price for the Offer Shares (including proceeds from any Shares issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid in accordance with the Hong Kong Underwriting Agreement but will instead be paid in accordance with the International Underwriting Agreement.

THE INTERNATIONAL OFFERING

In connection with the International Offering, it is expected that our Company, among others, the Sole Global Coordinator (on behalf of the Underwriters) will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally but not jointly, agree to subscribe for or purchase, or to procure subscribers to subscribe for or purchasers to purchase, their respective applicable proportions (set forth in the International Underwriting Agreement) of the International Offer Shares being offered pursuant to the International Offering.

Under the International Underwriting Agreement, our Company intends to grant to the Sole Global Coordinator the Over-allotment Option, pursuant to which the Sole Global Coordinator may, for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, require our Company to allot and issue up to 40,287,000 additional Shares, representing 15.0% of the initial number of our Offer Shares. These Shares will be allotted and issued at the Offer Price per Share (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of covering over-allocations, if any, in the International Offering.

TOTAL COMMISSIONS AND EXPENSES FOR THE GLOBAL OFFERING

Assuming that the Offer Price is HK\$3.83 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and the Over-allotment Option is not exercised, the aggregate commissions and fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to be HK\$76.3 million in total.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Except for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set forth in Rule 3A.07 of the Listing Rules.

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ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as “**Syndicate Members**”, may each individually undertake, and which do not form part of the underwriting or the stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases. All of these activities may occur both during and after the end of the stabilising period described under the section headed “Structure and Conditions of the Global Offering – Stabilisation”. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (a) under the agreement among the Syndicate Members, all of them (except for the Sole Global Coordinator and its affiliates as the stabilising manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Nomura International (Hong Kong) Limited is the Sole Global Coordinator of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 26,858,000 Shares (subject to reallocation) in Hong Kong as described below in “– The Hong Kong Public Offering” in this section; and
- (b) the International Offering of initially 241,722,000 Shares (subject to reallocation and exclusive of the Over-Allotment Option) outside the United States in offshore transactions in reliance on Regulation S as described below in “– The International Offering” in this section.

Investors may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 25.0% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the issued share capital of our Company immediately following the completion of the Global Offering.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offering (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed “Conditions of the Global Offering” below) for the subscription in Hong Kong of, initially, 26,858,000 Offer Shares at the Offer Price (representing 10% of the total number of the Offer Shares initially available under the Global Offering (assuming the Over-Allotment Option is not exercised)). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Over-Allotment Option is not exercised). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

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The total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of the 26,858,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 13,429,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant’s application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

Reallocation

The allocation of our Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Currently, we have allocated 26,858,000 Shares to the Hong Kong Public Offering, representing 10% of our Shares initially available in the Global Offering.

If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares available for subscription under the Hong Kong Public Offering, then our Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of our Offer Shares available under the Hong Kong Public Offering will be increased to 80,574,000 Shares (in the case of (i)), 107,432,000

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Shares (in the case of (ii)) and 134,290,000 Shares (in the case of (iii)), respectively, representing 30%, 40% and 50%, respectively, of the total number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option). In addition, the Sole Global Coordinator has the discretion to reallocate our Shares offered in the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator may, in their discretion, reallocate to the International Offering all or any unsubscribed Shares offered in the Hong Kong Public Offering in such amount as it may deem appropriate.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for subscription and sale under the International Offering will be 241,722,000 Offer Shares, representing 90% of the Offer Shares initially available under the Global Offering and approximately 21.7% of our enlarged issued share capital immediately after completion of the Global Offering (before any exercise of the Over-allotment Option).

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the International Offer Shares to investors under the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

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OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company intends to grant the Over-allotment Option to the Sole Global Coordinator. The Over-allotment Option gives the Sole Global Coordinator the right, exercisable at any time from the day on which trading of our Shares commences on the Stock Exchange within 30 days from the last day for lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 40,287,000 additional Shares, representing in aggregate 15.0% of the initial size of the Global Offering at the Offer Price to cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

The Sole Global Coordinator may cover any over-allocations by using Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilising) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 40,287,000 Shares, representing 15.0% of the Shares available under the Global Offering.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer price of the securities. In Hong Kong and certain other jurisdictions, the stabilisation price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilising period is expected to expire on 3 January 2018. However, there is no obligation on the Stabilising Manager, or its affiliates or any person acting for it to do this. Such stabilising action, if taken, may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 40,287,000 Shares, which is 15.0% of the Shares available under the Global Offering. For purposes of covering such over-allocations, the Stabilising Manager may borrow from Nissin Japan in the aggregate up to 40,287,000 Shares, which is equivalent to the maximum number of Shares to be allotted and issued upon exercise of the Over-allotment Option in full, pursuant to the Stock Borrowing Agreement.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (a) primary stabilisation, including purchasing, or agreeing to purchase, any of the Shares or offering or attempting to do so for the purpose of preventing or minimising any

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

reduction in the market price of the Shares, and (b) ancillary stabilisation in connection with any primary stabilising action, including: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price; (ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price; (iii) purchasing or agreeing to purchase Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) selling or agreeing to sell Shares to liquidate a long position held as a result of those purchases or subscriptions; and (v) offering or attempting to do anything described in (ii), (iii) or (iv). The Stabilising Manager may take any one or more of the stabilising actions described above.

Prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure to procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the International Offering, the Stabilising Manager may choose to borrow Shares from Nissin Japan under the Stock Borrowing Agreement, or acquire Shares from other sources.

The stock borrowing arrangement will only be effected by the Stabilising Manager, its affiliates or any person acting for it for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The same number of Shares so borrowed must be returned to Nissin Japan or its nominees on or before the third Business Day following the earlier of (a) the last day on which the Over-allotment Option may be exercised; or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option have been issued. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Nissin Japan by the Stabilising Manager, its affiliates or any person acting for it in relation to such stock borrowing arrangement.

PRICING

Determination of Offer Price

We expect the Offer Price to be fixed by agreement among us and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around Monday, 4 December 2017 and in any event, no later than Friday, 8 December 2017. The Offer Price will not be more than HK\$4.21 per Offer Share and is expected to be not less than HK\$3.45 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

The Sole Global Coordinator, on behalf of the Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process reduce the number of Offer Shares and/or the indicative Offer Price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative Offer Price range. Such notice will also be available at the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.nissingroup.com.hk.

Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon among the Sole Global Coordinator (on behalf of the Underwriters) and us will be fixed within such revised offer price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in “Financial Information – Liquidity and capital resources – Working capital” in this prospectus, the offering statistics as currently disclosed in the section headed “Summary” in this prospectus, the use of proceeds in the section headed “Future Plans and Use of Proceeds” and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or an indicative Offer Price range is reduced, we will issue a supplemental prospectus updating investors of the change in the number of Offer Shares and/or the indicative Offer Price together with

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

an update of all financial and other information in connection with such change; extend the period under which the Hong Kong Public Offering was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions; and give potential investors who had applied for the Shares the right to withdraw their applications. Details of the arrangement will then be announced by our Company as soon as practicable. If we do not publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the indicative Offer Price range as stated in this prospectus.

If we are unable to reach an agreement with the Sole Global Coordinator (on behalf of the Underwriters) on the Offer Price by Friday, 8 December 2017, the Global Offering will not proceed and will lapse.

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offering and the level of applications and the basis of allocation of the Hong Kong Offer Shares, on Friday, 8 December 2017.

Price Payable on Application

The Offer Price will not be more than HK\$4.21 and is expected to be not less than HK\$3.45, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK\$4.21 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy. This means that, for every board lot of 1,000 Offer Shares, you should pay HK\$4,252.42 at the time of your application.

If the Offer Price is lower than the maximum Offer Price of HK\$4.21, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. You may find further details in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Offering are subject to the conditions described in the section headed “Underwriting” in this prospectus. In particular, we and the Sole Global Coordinator (on behalf of the Underwriters), must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement was entered into on 28 November 2017 and, is subject to an agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement (including the agreement on the Offer Price among us and the Sole Global Coordinator (on behalf of the International Underwriters for purposes of the International Offering) is expected to be entered into on Monday, 4 December 2017, being the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of and permission to deal in our Shares in issue and to be issued as described in this prospectus (including any additional Shares issuable pursuant to the exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of dealings in our Shares on the Stock Exchange;
- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

The consummation of each of the International Offering and the Hong Kong Public Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the day after such lapse. In such situation, we will return all application monies to the applicants, without interest and on the terms described in the section headed “How to Apply for Hong Kong Offer Shares – 13. Refund of application monies” in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other banks licensed under the Banking Ordinance.

We expect to despatch share certificates for the Offer Shares on or before Friday, 8 December 2017. However, these share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting” in this prospectus has not been exercised.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on the Listing Date, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on the Listing Date. The Shares will be traded in board lots of 1,000 shares each. The stock code of the Shares is 1475.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 29 November 2017 until 12:00 noon on Monday, 4 December 2017 from:

- (i) any of the following offices of the Hong Kong Underwriters:

Nomura International (Hong Kong) Limited	30/F, Two International Finance Centre 8 Finance Street, Central Hong Kong
Mizuho Securities Asia Limited	14-15/F, K11 Atelier 18 Salisbury Road Tsim Sha Tsui, Kowloon Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the branches of the following receiving bank:

Standard Chartered Bank (Hong Kong) Limited

	Branch	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point
Kowloon	Kwun Tong Branch	G/F & 1/F One Pacific Centre, 414 Kwun Tong Road, Kwun Tong
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
	Mei Foo Manhattan Branch	Shop Nos. 07 & 09, Ground Floor, Mei Foo Plaza, Mei Foo Sun Chuen
New Territories	Metroplaza Branch	Shop No. 175, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Wednesday, 29 November 2017 until 12:00 noon on Monday, 4 December 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "HORSFORD NOMINEES LIMITED – NISSIN FOODS PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 29 November 2017 – 9:00 a.m. to 5:00 p.m.
Thursday, 30 November 2017 – 9:00 a.m. to 5:00 p.m.
Friday, 1 December 2017 – 9:00 a.m. to 5:00 p.m.
Saturday, 2 December 2017 – 9:00 a.m. to 1:00 p.m.
Monday, 4 December 2017 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 4 December 2017, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of our Company;
- (iii) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in this prospectus to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by anyone as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as his agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** service at www.eipo.com.hk (24 hours daily, except on Monday, 4 December 2017, the last application day) from 9:00 a.m. on Wednesday, 29 November 2017 until 11:30 a.m. on Monday, 4 December 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 4 December 2017 or such later time under the “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 per each “Nissin Foods Company Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of Dong Jiang – Hong Kong Forest” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer service centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as his agent;
 - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set forth in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set forth in any supplement to this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the expiration of 30 days after the date of this prospectus, such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the expiration of 30 days after the date of this prospectus, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the expiration of 30 days after the date of this prospectus if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 29 November 2017	– 9:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 30 November 2017	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 1 December 2017	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, 2 December 2017	– 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, 4 December 2017	– 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 29 November 2017 until 12:00 noon on Monday, 4 December 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 4 December 2017, the last application day or such later time as described in “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving banker, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Monday, 4 December 2017.

HOW TO APPLY FOR HONG KONG OFFER SHARES

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange. “Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set forth in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** Service Provider in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Global Offering – Pricing”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 4 December 2017. Instead they will open between 11:45 a.m. and 12:00 noon, on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 4 December 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, 8 December 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company’s website at www.nissingroup.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.nissingroup.com.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than Friday, 8 December 2017;
- from the designated results of allocations website at www.iporesults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 8 December 2017 to 12:00 midnight on Thursday, 14 December 2017;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, 8 December 2017 to Monday, 11 December 2017;
- in the special allocation results booklets which will be available for inspection during opening hours on Friday, 8 December 2017, Saturday, 9 December 2017 and Monday, 11 December 2017 at all the receiving bank branches and sub-branches.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the expiration of 30 days from the date of this prospectus. This agreement will take effect as a collateral contract with our Company, and to become binding when you lodge your Application Form or give **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider and an application has been made by HKSCC Nominees or **White Form eIPO** Service Provider on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the expiration of 30 days from the date of this prospectus, except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the expiration of 30 days from the date of this prospectus if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, our Hong Kong Share Registrar the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$4.21 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure and Conditions of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, 8 December 2017.

HOW TO APPLY FOR HONG KONG OFFER SHARES

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Friday, 8 December 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Hong Kong Share Registrar Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017 or such other date as notified by us in the newspapers.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Friday, 8 December 2017 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Friday, 8 December 2017 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 8 December 2017 or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., Friday, 8 December 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on **White Form eIPO** Service Provider on or before Friday, 8 December 2017.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 8 December 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Friday, 8 December 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 8 December 2017 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 8 December 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 8 December 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is a text of a report set out on pages I-1 to I-61, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.**德勤****ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NISSIN FOODS COMPANY LIMITED AND NOMURA INTERNATIONAL (HONG KONG) LIMITED****Introduction**

We report on the historical financial information of Nissin Foods Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-61, which comprises the consolidated statements of financial position as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017, the statements of financial position of the Company as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2016 and the six months ended 30 June 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 November 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividend

We refer to note 12 to the Historical Financial Information which contains information about the dividend paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 November 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on (i) the financial statements of the Group for the year ended 31 December 2014 and the six months ended 30 June 2017 which have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA; and (ii) the previously issued financial statements of the Group for each of the years ended 31 December 2015 and 31 December 2016 which have been prepared in accordance with HKFRSs issued by the HKICPA (collectively referred to as the "Underlying Financial Statements"). These Underlying Financial Statements were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong Dollar ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	6	2,535,984	2,628,663	2,629,905	1,322,998	1,343,783
Cost of sales		(1,670,503)	(1,633,323)	(1,588,722)	(802,567)	(860,458)
Gross profit		865,481	995,340	1,041,183	520,431	483,325
Other income	7	31,734	36,446	31,583	20,082	14,909
Selling and distribution costs		(477,548)	(572,785)	(607,088)	(284,077)	(265,682)
Administrative expenses		(128,529)	(135,946)	(143,724)	(68,134)	(80,935)
Other expenses		(19,316)	(36,975)	(82,431)	(20,984)	(12,606)
Other gains and losses	8	(40,682)	(18,503)	(71,854)	(15,599)	(5,227)
Loss on disposal of available-for-sale investments	20	-	(85,002)	-	-	-
Profit before taxation		231,140	182,575	167,669	151,719	133,784
Income tax expense	9	(58,380)	(66,397)	(60,517)	(36,630)	(31,227)
Profit for the year/period	10	172,760	116,178	107,152	115,089	102,557
Other comprehensive income (expense)						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of foreign operations		(2,717)	(99,520)	(110,532)	(35,293)	50,933
Share of translation reserve of an associate		-	(1)	(3)	(2)	-
Reclassification adjustment of classifying interest in an associate to available-for-sale investments	8	6,228	-	-	-	-
Fair value loss on available-for-sale investments		-	(5,196)	(6,111)	(5,867)	(4,212)
Reclassification adjustment upon impairment of available-for-sale investments		-	5,196	6,111	5,867	4,212
		3,511	(99,521)	(110,535)	(35,295)	50,933
Total comprehensive income (expense) for the year/period		176,271	16,657	(3,383)	79,794	153,490
Profit for the year/period attributable to:						
Owners of the Company		149,487	101,268	90,762	106,741	91,620
Non-controlling interests		23,273	14,910	16,390	8,348	10,937
		172,760	116,178	107,152	115,089	102,557
Total comprehensive income (expense) attributable to:						
Owners of the Company		153,294	6,942	(13,917)	73,654	139,875
Non-controlling interests		22,977	9,715	10,534	6,140	13,615
		176,271	16,657	(3,383)	79,794	153,490
Earnings per share	13					
Basic (HK cents)		24.11	12.94	11.29	13.31	11.38
Diluted (HK cents)		N/A	N/A	11.29	13.31	11.38

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December			At
		2014	2015	2016	30 June
		HK\$'000	HK\$'000	HK\$'000	2017
Non-current Assets					
Property, plant and equipment	14	599,214	907,499	1,159,297	1,296,775
Prepaid lease payments for leasehold land	15	76,567	95,176	83,456	85,783
Goodwill	16	8,414	8,414	8,414	40,082
Trademark	17	41,195	37,964	34,733	33,118
Interest in an associate	19	–	119	116	116
Available-for-sale investments	20	634,664	31,814	38,669	34,457
Deferred tax assets	21	15,002	20,907	20,229	24,852
Loan receivable	22	4,652	3,967	3,557	3,283
Deposits paid for acquisition of property, plant and equipment		29,690	45,867	51,576	24,904
		<u>1,409,398</u>	<u>1,151,727</u>	<u>1,400,047</u>	<u>1,543,370</u>
Current Assets					
Prepaid lease payments for leasehold land	15	1,775	1,672	1,582	1,631
Inventories	23	161,114	165,570	215,131	223,076
Trade receivables	24	304,035	316,471	296,371	404,375
Other receivables, prepayments and deposits	24	44,185	589,015	72,041	98,824
Loan receivable	22	547	547	547	547
Amount due from ultimate holding company	25	3,834	4,391	3,447	3,771
Amounts due from fellow subsidiaries	25	1,081	3,358	541	2,344
Amount due from a non-controlling shareholder of a subsidiary	25	–	188	225	375
Tax recoverable		228	610	2,851	12,235
Pledged bank deposit	26	12,422	–	–	–
Time deposits over three months	26	383,609	154,439	346,221	17,000
Bank balances and cash	26	1,113,115	1,471,711	1,096,300	1,329,148
		<u>2,025,945</u>	<u>2,707,972</u>	<u>2,035,257</u>	<u>2,093,326</u>
Current Liabilities					
Trade payables	27	151,867	136,718	153,848	216,393
Other payables and accruals	27	309,118	424,521	502,618	887,086
Amount due to ultimate holding company	25	18,508	17,533	17,001	16,680
Amounts due to fellow subsidiaries	25	1,026	1,080	4,474	4,502
Tax liabilities		31,464	41,000	26,483	27,670
		<u>511,983</u>	<u>620,852</u>	<u>704,424</u>	<u>1,152,331</u>
Net Current Assets		<u>1,513,962</u>	<u>2,087,120</u>	<u>1,330,833</u>	<u>940,995</u>
Total Assets less Current Liabilities		<u>2,923,360</u>	<u>3,238,847</u>	<u>2,730,880</u>	<u>2,484,365</u>
Capital and Reserves					
Share capital	28	1,674,987	1,984,645	2,030,686	2,030,686
Reserves		1,137,190	1,144,132	588,169	328,035
Equity attributable to owners of the Company		2,812,177	3,128,777	2,618,855	2,358,721
Non-controlling interests		81,635	83,943	84,566	95,950
Total Equity		<u>2,893,812</u>	<u>3,212,720</u>	<u>2,703,421</u>	<u>2,454,671</u>
Non-current Liability					
Deferred tax liabilities	21	29,548	26,127	27,459	29,694
		<u>2,923,360</u>	<u>3,238,847</u>	<u>2,730,880</u>	<u>2,484,365</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	At 31 December			At
		2014	2015	2016	30 June
		HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000	
Non-current Assets					
Property, plant and equipment	14	84,795	169,967	318,356	329,943
Trademark	17	41,195	37,964	34,733	33,118
Investments in subsidiaries	18	1,440,720	1,892,507	2,016,344	2,058,803
Available-for-sale investments	20	629,124	26,273	33,128	28,916
Deposits paid for acquisition of property, plant and equipment		268	462	3,727	1,587
		<u>2,196,102</u>	<u>2,127,173</u>	<u>2,406,288</u>	<u>2,452,367</u>
Current Assets					
Inventories	23	34,136	34,339	46,631	44,989
Trade receivables	24	85,368	25,632	2,688	2,463
Other receivables, prepayments and deposits	24	11,203	548,013	15,045	20,230
Amount due from ultimate holding company	25	767	789	635	224
Amounts due from subsidiaries	25	20,553	158,911	53,178	63,458
Amounts due from fellow subsidiaries	25	1,081	1,539	1	1,365
Loans to subsidiaries	25	–	25,250	10,000	45,000
Tax recoverable		–	–	–	9,077
Time deposits over three months	26	140,000	133,567	227,221	–
Bank balances and cash	26	298,219	383,256	225,384	296,859
		<u>591,327</u>	<u>1,311,296</u>	<u>580,783</u>	<u>483,665</u>
Current Liabilities					
Trade payables	27	32,094	29,478	26,218	30,388
Other payables and accruals	27	123,019	133,598	142,343	497,179
Amount due to ultimate holding company	25	13,577	12,915	12,079	12,988
Amounts due to subsidiaries	25	13,723	24,172	13,951	11,268
Amounts due to fellow subsidiaries	25	1,026	926	2,577	2,343
Tax liabilities		8,593	27,315	6,765	–
		<u>192,032</u>	<u>228,404</u>	<u>203,933</u>	<u>554,166</u>
Net Current Assets (Liabilities)		<u>399,295</u>	<u>1,082,892</u>	<u>376,850</u>	<u>(70,501)</u>
Total Assets less Current Liabilities		<u>2,595,397</u>	<u>3,210,065</u>	<u>2,783,138</u>	<u>2,381,866</u>
Capital and Reserves					
Share capital	28	1,674,987	1,984,645	2,030,686	2,030,686
Reserves	29	910,885	1,216,868	742,606	340,755
Total Equity		<u>2,585,872</u>	<u>3,201,513</u>	<u>2,773,292</u>	<u>2,371,441</u>
Non-current Liability					
Deferred tax liabilities	21	9,525	8,552	9,846	10,425
		<u>2,595,397</u>	<u>3,210,065</u>	<u>2,783,138</u>	<u>2,381,866</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company															
	Share capital	PRC statutory reserve		Capital reserve	Investment revaluation reserve	Translation reserve	Merger reserve		Shares held for share award scheme	Other reserve	Retained profits	Sub-total		Non-controlling interests		Total
		HK\$'000	HK\$'000				HK\$'000	HK\$'000				HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2014	671,600	14,342	1,099	-	114,145	217,131	-	-	-	1,078,075	2,096,392	227,071	2,323,463			
Profit for the year	-	-	-	-	-	-	-	-	-	149,487	149,487	23,273	172,760			
Exchange differences arising on translation of foreign operations	-	-	-	-	(2,421)	-	-	-	-	-	(2,421)	(296)	(2,717)			
Reclassification adjustment of classifying interest in an associate to available-for-sale investments	-	-	-	-	6,228	-	-	-	-	-	6,228	-	6,228			
Total comprehensive income for the year	-	-	-	-	3,807	-	-	-	-	149,487	153,294	22,977	176,271			
Issue of shares	1,003,387	-	-	-	-	(455,299)	-	-	-	-	548,088	-	548,088			
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,400	3,400			
Acquisition of additional interest in a subsidiary (Note 3)	-	-	-	-	-	-	-	-	14,403	-	14,403	(143,856)	(129,453)			
Transfer of reserves	-	12,850	-	-	-	-	-	-	-	(12,850)	-	-	-			
Dividend recognised as distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(27,957)	(27,957)			
At 31 December 2014	1,674,987	27,192	1,099	-	117,952	(238,168)	-	-	14,403	1,214,712	2,812,177	81,635	2,893,812			

Attributable to owners of the Company													
Share capital	PRC statutory reserve		Capital reserve	Investment revaluation reserve	Translation reserve	Merger reserve	Shares held for share award scheme		Other reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000					HK\$'000	HK\$'000					
-	(Note 1)	-	-	-	-	(Note 2)	-	(Note 3)	101,268	101,268	101,268	14,910	116,178
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	(94,325)	-	-	-	-	-	(94,325)	(5,195)	(99,520)
Share of translation reserve of an associate	-	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Fair value loss on available-for-sale investments	-	-	-	(5,196)	-	-	-	-	-	-	(5,196)	-	(5,196)
Reclassification adjustment upon impairment of available-for-sale investments	-	-	-	5,196	-	-	-	-	-	-	5,196	-	5,196
Total comprehensive (expense) income for the year	-	-	-	-	(94,326)	-	-	-	101,268	6,942	9,715	16,657	16,657
Issue of shares	309,658	-	-	-	-	-	-	-	-	309,658	-	-	309,658
Transfer of reserves	-	6,106	-	-	-	-	-	-	(6,106)	-	-	-	-
Dividend recognised as distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(7,407)	(7,407)	(7,407)
At 31 December 2015	1,984,645	33,298	1,099	-	23,626	(238,168)	-	14,403	1,309,874	3,128,777	83,943	3,212,720	

Attributable to owners of the Company

	PRC statutory reserve		Capital reserve	Investment revaluation reserve	Translation reserve	Merger reserve		Shares held for share award scheme		Other reserve	Retained profits	Sub-total		Non-controlling interests		Total
	HK\$'000	HK\$'000				HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Profit for the year	-	-	-	-	-	-	-	-	-	-	90,762	90,762	16,390	107,152		
Exchange differences arising on translation of foreign operations	-	-	-	-	(104,676)	-	-	-	-	-	-	(104,676)	(5,856)	(110,532)		
Share of translation reserve of an associate	-	-	-	-	(3)	-	-	-	-	-	-	(3)	-	(3)		
Fair value loss on available-for-sale investments	-	-	-	(6,111)	-	-	-	-	-	-	-	(6,111)	-	(6,111)		
Reclassification adjustment upon impairment of available-for-sale investments	-	-	-	6,111	-	-	-	-	-	-	-	6,111	-	6,111		
Total comprehensive (expense) income for the year	-	-	-	-	(104,679)	-	-	-	-	-	90,762	(13,917)	10,534	(3,383)		
Issue of shares	43,995	-	-	-	-	-	-	-	-	-	-	43,995	-	43,995		
Issue of shares under share award scheme	2,046	-	-	-	-	-	-	(2,046)	-	-	-	-	-	-		
Transfer of reserves	-	8,621	-	-	-	-	-	-	-	-	(8,621)	-	-	-		
Dividend recognised as distribution (note 12)	-	-	-	-	-	-	-	-	-	-	(540,000)	(540,000)	-	(540,000)		
Dividend recognised as distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(9,911)	(9,911)		
At 31 December 2016	2,030,686	41,919	1,099	-	(81,053)	(238,168)	(2,046)	14,403	852,015	2,618,855	84,566	2,703,421	(9,911)	2,703,421		

Attributable to owners of the Company

	PRC statutory reserve		Capital reserve	Investment revaluation reserve	Translation reserve	Shares held for share award scheme		Other reserve	Retained profits	Sub-total	Non-controlling interests		Total
	HK\$'000	HK\$'000				HK\$'000	HK\$'000				HK\$'000	HK\$'000	
Share capital	HK\$'000												
Profit for the period	(Note 1)	-	-	-	-	-	-	-	91,620	91,620	10,937	102,557	
Exchange differences arising on translation of foreign operations		-	-	-	48,255	-	-	-	-	48,255	2,678	50,933	
Share of translation reserve of an associate		-	-	-	-	-	-	-	-	-	-	-	
Fair value loss on available-for-sale investments		-	-	(4,212)	-	-	-	-	-	(4,212)	-	(4,212)	
Reclassification adjustment upon impairment of available-for-sale investments		-	-	4,212	-	-	-	-	-	4,212	-	4,212	
Total comprehensive income for the period . . .		-	-	-	48,255	-	-	-	91,620	139,875	13,615	153,490	
Acquisition of a non-wholly owned subsidiary (note 34)		-	-	-	-	-	-	-	-	-	10,366	10,366	
Transfer of reserves		3,805	-	-	-	-	-	-	(3,805)	-	-	-	
Dividend recognised as distribution (note 12)		-	-	-	-	-	-	-	(400,009)	(400,009)	-	(400,009)	
Dividend recognised as distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(12,597)	(12,597)	
At 30 June 2017		45,724	1,099	-	(32,798)	(238,168)	(2,046)	14,403	539,821	2,358,721	95,950	2,454,671	

Attributable to owners of the Company															
Share capital	PRC statutory reserve		Capital reserve	Investment revaluation reserve	Translation reserve	Merger reserve		Shares held for share award scheme		Other reserve	Retained profits	Sub-total	Non-controlling interests		Total
	HK\$'000	HK\$'000				HK\$'000	HK\$'000	HK\$'000	HK\$'000				HK\$'000	HK\$'000	
		(Note 1)				(Note 2)				(Note 3)					
1,984,645	33,298	1,099	-	23,626	(238,168)	-	-	14,403	1,309,874	3,128,777	83,943	3,212,720			
-	-	-	-	-	-	-	-	-	106,741	106,741	8,348	115,089			
Exchange differences arising on translation of foreign operations	-	-	-	(33,085)	-	-	-	-	-	(33,085)	(2,208)	(35,293)			
Share of translation reserve of an associate	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)			
Fair value loss on available-for-sale investments	-	-	(5,867)	-	-	-	-	-	-	(5,867)	-	(5,867)			
Reclassification adjustment upon impairment of available-for-sale investments	-	-	5,867	-	-	-	-	-	-	5,867	-	5,867			
Total comprehensive (expense) income for the period	-	-	-	(33,087)	-	-	-	-	106,741	73,654	6,140	79,794			
Issue of shares	43,995	-	-	-	-	-	-	-	-	43,995	-	43,995			
Issue of shares under share award scheme	2,046	-	-	-	-	(2,046)	-	-	-	-	-	-			
Transfer of reserves	-	3,231	-	-	-	-	-	-	(3,231)	-	-	-			
Dividend recognised as distribution (note 12)	-	-	-	-	-	-	-	-	(540,000)	(540,000)	-	(540,000)			
Dividend recognised as distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,911)	(9,911)			
At 30 June 2016	2,030,686	36,529	1,099	-	(9,461)	(238,168)	(2,046)	14,403	873,384	2,706,426	80,172	2,786,598			

Notes:

- (1) According to the articles of association and board resolution of subsidiaries of the Company in the People's Republic of China ("PRC"), 10% of the profits after taxation, as determined under the PRC accounting rules and regulations, were transferred to general reserve funds under "PRC statutory reserve". The transfers to such reserves must be made before the distribution of a dividend to equity owners of those subsidiaries until the aggregated amounts have reached 50% of their registered capitals. These reserves should only be used for making up losses, capitalisation into capital and expansion of production and operation.
- (2) Merger reserve represents the difference between the share capital issued by the Company, and the aggregate of (1) the share capital of Winner Food Products Limited ("Winner Food") and (2) the retained profits of Winner Food, net of non-controlling interests, prior to the original acquisition of Winner Food by Nissin Foods Holdings Co., Ltd., the Company's immediate and ultimate holding company, in 1989, arising from group reorganisation on 1 January 2014 (see note 2 for details).
- (3) On 22 December 2014, the Company further acquired 26% interest in Winner Food from the non-controlling shareholder for a cash consideration of HK\$129,453,000. The difference between the cash consideration paid and the carrying amount of the net assets attributable to the additional interest in Winner Food acquired from the non-controlling shareholder of HK\$14,403,000 is recognised in "other reserve". Upon completion of this acquisition, Winner Food became a wholly-owned subsidiary of the Company.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)				
OPERATING ACTIVITIES					
Profit before taxation	231,140	182,575	167,669	151,719	133,784
Adjustments for:					
Allowance for doubtful debts	143	44	1,462	419	–
Amortisation of prepaid lease payments for leasehold land	1,827	2,456	9,101	1,109	1,657
Amortisation of trademark	4,893	3,231	3,231	1,615	1,615
Depreciation of property, plant and equipment	7,929	9,288	12,517	5,596	6,932
Dividend income	–	(98)	(199)	–	–
Exchange (gain) loss	(3,074)	39,681	3,925	966	(5,495)
Impairment loss recognised on available-for-sale investments	–	5,196	6,111	5,867	4,212
Impairment loss recognised on property, plant and equipment	8,441	3,044	42,886	–	1,342
Impairment loss recognised on trademark	21,197	–	–	–	–
Interest income from bank deposits	(27,065)	(27,961)	(27,619)	(17,842)	(9,652)
Loss on disposal of available-for-sale investments	–	85,002	–	–	–
Loss (gain) on disposal of property, plant and equipment	3,189	3,308	4,853	(198)	(233)
Loss on reclassification of interest in an associate to available-for-sale investments	6,228	–	–	–	–
Write-down of inventories	–	–	7,580	–	–
Operating cash flows before movement in working capital	254,848	305,766	231,517	149,251	134,162
Decrease in inventories	70,584	56,910	19,409	33,508	94,871
Decrease (increase) in trade receivables	7,869	(20,734)	18,833	46,999	(73,829)
(Increase) decrease in other receivables, prepayments and deposits	(15,232)	(14,883)	(20,985)	(16,730)	134
(Increase) decrease in amounts due from fellow subsidiaries	(592)	(2,277)	2,817	1,252	(1,802)
(Decrease) increase in trade payables	(4,674)	(21,255)	16,334	(21,290)	(29,232)
(Decrease) increase in other payables and accruals	(23,200)	58,307	15,949	(12,034)	2,102
Decrease in amount due to ultimate holding company	(8,673)	(1,238)	(544)	(2,387)	(250)
Increase (decrease) in amounts due to fellow subsidiaries	242	54	3,394	2,686	28
Cash generated from operations	281,172	360,650	286,724	181,255	126,184
Income taxes paid	(34,910)	(66,569)	(75,265)	(58,013)	(41,734)
NET CASH FROM OPERATING ACTIVITIES	246,262	294,081	211,459	123,242	84,450
INVESTING ACTIVITIES					
Net cash outflow on acquisition of a subsidiary (note 34)	–	–	–	–	(21,276)
Interest received	23,184	30,251	28,171	18,822	10,489
Dividend received	–	98	199	–	–
Purchase of property, plant and equipment	(140,959)	(398,443)	(421,874)	(256,384)	(170,178)
Proceeds from disposal of property, plant and equipment	16,742	6,128	30,726	3,083	278
Payment for prepaid lease payments for leasehold land	(46,899)	(26,915)	(3,241)	(2,636)	(1,462)
Proceeds from disposal of available-for-sale investments	–	–	536,315	536,315	–
Investment in an associate	–	(120)	–	–	–
Purchase of available-for-sale investments	–	(21,301)	(12,966)	(7,341)	–
Loan repaid	274	684	410	137	274
Advance to ultimate holding company	(3,834)	(4,391)	(3,447)	(3,436)	(3,771)
Repayment from ultimate holding company	2,997	3,834	4,391	4,391	3,447
Advance to a non-controlling shareholder of a subsidiary	–	(188)	(225)	–	(150)
Repayment from a non-controlling shareholder of a subsidiary	–	–	188	188	–
(Placement) withdrawal of pledged bank deposit	(12,421)	12,421	–	–	–
Placement of time deposits with original maturity of more than three months	(588,120)	(224,439)	(259,336)	(25,113)	(207,000)
Withdrawal of time deposits with original maturity of more than three months	233,764	453,609	67,554	18,701	536,221
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(515,272)	(168,772)	(33,135)	286,727	146,872
FINANCING ACTIVITIES					
Issue of shares	548,088	309,658	43,995	43,995	–
Capital injection by non-controlling interests	3,400	–	–	–	–
Dividend paid to owners of the Company	–	–	(540,000)	(540,000)	–
Dividend paid to non-controlling interests	(27,957)	(7,407)	–	–	(9,911)
Acquisition of additional interest in a subsidiary	(129,453)	–	–	–	–
Repayment to a non-controlling shareholder of a subsidiary	(177)	–	–	–	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	393,901	302,251	(496,005)	(496,005)	(9,911)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	124,891	427,560	(317,681)	(86,036)	221,411
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	1,714	(68,964)	(57,730)	(19,191)	11,437
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	986,510	1,113,115	1,471,711	1,471,711	1,096,300
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	1,113,115	1,471,711	1,096,300	1,366,484	1,329,148

NOTES TO HISTORICAL FINANCIAL INFORMATION**1. General**

The Company is a private limited company incorporated in Hong Kong on 19 October 1984. 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 Group is principally engaged in the manufacturing and sales of noodles, retort foods, frozen foods, beverage products and snacks.

The functional currency of the Company is HK\$.

2. Basis of preparation and presentation of Historical Financial Information

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

On 1 January 2014, a corporate restructuring (the "Restructuring") was completed in which the Company acquired from Nissin Foods Holdings Co., Ltd. a 74% equity interest in Winner Food by issuing and allotting 4,552,990 ordinary shares of HK\$100 each to Nissin Foods Holdings Co., Ltd.. Winner Food directly holds equity interests in Gangyongnan Food Products (Shenzhen) Co., Ltd. and Zhuhai Golden Coast Winner Food Products Limited before and after the Restructuring, as well as throughout the three years ended 31 December 2016 and the six months ended 30 June 2017. Upon the completion of the Restructuring, the Company became the holding company of Winner Food. Winner Food and the Company have been under common control of Nissin Foods Holdings Co., Ltd. before and after the Restructuring, as well as throughout the three years ended 31 December 2016 and the six months ended 30 June 2017. Therefore, the Group resulting from the Restructuring are regarded as continuing entities.

On 22 December 2014, the Company further acquired the remaining 26% equity interest in Winner Food from a third party. Accordingly, the Company owns 100% equity interest in Winner Food as at 31 December 2014.

For the purpose of the presentation of the Historical Financial Information, the acquisition of Winner Food is accounted for as an acquisition of businesses under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations*.

The historical financial information contained in this report does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Company is a private company, the Company is not required to deliver its consolidated financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on these consolidated financial statements for each of the three years ended 31 December 2016. The independent auditor's report for the year ended 31 December 2014 was qualified for not presenting the consolidated statement of financial position as at 1 January 2013, the adjusted opening balance of each affected component of equity as at 1 January 2013 and the reconciliation of financial impact of the restatements made in accordance with Hong Kong Accounting Standard 1 *Presentation of Financial Statements* and Hong Kong Financial Reporting Standard 1 *First-time Adoption of Hong Kong Financial Reporting Standards* respectively. The independent auditor's report for the years ended 31 December 2015 and 31 December 2016 were unqualified. The independent auditor's report for all three years did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. Application of HKFRSs

For the purposes of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the HKFRSs which are effective for the Group's accounting period beginning on 1 January 2017 throughout the Track Record Period.

The Group has not early applied the following new and amendments to HKFRSs and Interpretations that have been issued but are not yet effective:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ³
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments ³
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle except for amendments to HKFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2019

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 June 2017, the directors of the Company anticipate that the application of HKFRS 9 in the future may have an impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. The directors of the Company anticipate that it is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing financial instruments as at 30 June 2017.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts of revenue recognised in respect of the payments to the distributors, and more disclosures relating to revenue is required. It is also anticipated that the adoption of HKFRS 15 in the future is unlikely to have other material impact on revenue recognition based on the existing business model of the Group as at 30 June 2017.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon the application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised the prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2017, the Group and the Company have non-cancellable operating lease commitments of HK\$8,663,000 and HK\$1,247,000 respectively as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group and the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the

application of HKFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of HKFRS 16 would not have significant impact on the net financial position and performance of the Group comparing with HKAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

For other new and amendments to HKFRSs and Interpretations, the directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements.

4. Significant accounting policies

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and complied with the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Business combinations

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for leasehold land" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Trademark

Trademark is carried at cost less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for trademark is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Trademark is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of a trademark, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position at cost less any identified impairment losses.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories, which comprises all costs of purchase and, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivable, trade receivables, other receivables, amounts due from ultimate holding company, subsidiaries, fellow subsidiaries and a non-controlling shareholder of a subsidiary, loans to subsidiaries, pledged bank deposit, time deposits over three months, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss, (b) loans and receivables or (c) held-to-maturity investments.

Equity and debt securities held by the Group and the Company that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to ultimate holding company, fellow subsidiaries and subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers return, discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Company (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Equity-settled share-based payment transactions

Share awards granted to employees (including directors of the Company)

The fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve.

At the end of the reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award reserve.

At the time when the awarded shares are vested, the amount previously recognised in share award reserve and the amount accumulated in shares held for share award scheme for the shares will be transferred to retained profits.

5. Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of the assets within the next financial year.

Estimated impairment and amortisation of trademark

Determining whether trademark is impaired requires an estimation of the recoverable amount of the trademark, which is the higher of fair value less costs of disposal and value in use. The value in use calculation requires the Group and the Company to estimate the future cash flows expected to arise from the trademark and determine a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less or more than expected, a material impairment loss may arise or reverse.

Amortisation of trademark is calculated based on the expected useful life of the trademark. Adjustments may need to be made to the carrying amount of the trademark and its amortisation should there be a material change in the expected useful life of trademark.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the carrying amounts of trademark of the Group and the Company are HK\$41,195,000, HK\$37,964,000, HK\$34,733,000 and HK\$33,118,000 respectively (net of accumulated amortisation and impairment loss of HK\$32,224,000, HK\$35,455,000, HK\$38,686,000 and HK\$40,301,000 respectively). Details of the trademark are disclosed in note 17.

Estimated impairment of available-for-sale equity investments

In determining whether available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is impaired requires the Group and the Company to estimate the future cash flows expected to arise from the investments and select a suitable market rate of return of a similar financial asset in order to calculate the present value.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the carrying amount of unlisted equity investments of the Group are HK\$634,564,000, HK\$15,609,000, HK\$19,514,000 and HK\$19,514,000 respectively (net of accumulated impairment loss of HK\$524,304,000, nil, nil and nil respectively); and the carrying amount of unlisted equity investments of the Company are HK\$629,024,000, HK\$10,068,000, HK\$13,973,000 and HK\$13,973,000 respectively (net of accumulated impairment loss of HK\$524,304,000, nil, nil and nil respectively). Details of the available-for-sale equity investments are disclosed in note 20.

6. Revenue and segment information

Revenue mainly represents the amount received and receivable for goods sold during the Track Record Period, net of discount and sales related tax.

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 directors of the Company.

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

- HK Operations: Manufacturing and sales of noodles, frozen foods and other products in Hong Kong and overseas

- PRC Operations: Manufacturing and sales of noodles, frozen foods and other products in the PRC

There are no aggregation of individual operating segments to derive the reportable segment.

Segment information about these operating and reportable segments is presented below.

Segment revenue and results

For the year ended 31 December 2014:

	HK Operations	PRC Operations	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
Segment revenue from external customers	1,164,985	1,370,999	2,535,984	–	2,535,984
Inter-segment revenue	22,995	127,605	150,600	(150,600)	–
Segment revenue	<u>1,187,980</u>	<u>1,498,604</u>	<u>2,686,584</u>	<u>(150,600)</u>	<u>2,535,984</u>
Result					
Segment results	<u>94,478</u>	<u>145,610</u>	<u>240,088</u>	<u>–</u>	240,088
Unallocated income					4,669
Unallocated expenses and other losses					(1,627)
Interest income					27,065
Impairment loss recognised on trademark					(21,197)
Impairment loss recognised on property, plant and equipment					(8,441)
Loss on disposal of property, plant and equipment					(3,189)
Loss on reclassification of interest in an associate to available-for-sale investments					(6,228)
Consolidated profit before taxation					<u>231,140</u>

For the year ended 31 December 2015:

	HK Operations	PRC Operations	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
Segment revenue from external customers	1,169,793	1,458,870	2,628,663	–	2,628,663
Inter-segment revenue	40,236	120,670	160,906	(160,906)	–
Segment revenue	<u>1,210,029</u>	<u>1,579,540</u>	<u>2,789,569</u>	<u>(160,906)</u>	<u>2,628,663</u>
Result					
Segment results	<u>104,928</u>	<u>160,252</u>	<u>265,180</u>	<u>–</u>	265,180
Unallocated income					8,485
Unallocated expenses and other losses					(22,501)
Interest income					27,961
Impairment loss recognised on property, plant and equipment					(3,044)
Impairment loss recognised on available-for-sale investments					(5,196)
Loss on disposal of property, plant and equipment					(3,308)
Loss on disposal of available-for-sale investments					(85,002)
Consolidated profit before taxation					<u>182,575</u>

For the year ended 31 December 2016:

	HK Operations	PRC Operations	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
Segment revenue from external customers	1,165,812	1,464,093	2,629,905	–	2,629,905
Inter-segment revenue	68,409	128,589	196,998	(196,998)	–
Segment revenue	<u>1,234,221</u>	<u>1,592,682</u>	<u>2,826,903</u>	<u>(196,998)</u>	<u>2,629,905</u>
Result					
Segment results	<u>91,025</u>	<u>174,048</u>	<u>265,073</u>	<u>–</u>	<u>265,073</u>
Unallocated income					3,964
Unallocated expenses and other losses . .					(67,557)
Interest income					27,619
Impairment loss recognised on property, plant and equipment					(42,886)
Impairment loss recognised on available-for-sale investments					(6,111)
Loss on disposal of property, plant and equipment					(4,853)
Write-down of inventories					(7,580)
Consolidated profit before taxation					<u>167,669</u>

For the six months ended 30 June 2016 (unaudited):

	HK Operations	PRC Operations	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
Segment revenue from external customers	584,845	738,153	1,322,998	–	1,322,998
Inter-segment revenue	33,600	64,621	98,221	(98,221)	–
Segment revenue	<u>618,445</u>	<u>802,774</u>	<u>1,421,219</u>	<u>(98,221)</u>	<u>1,322,998</u>
Result					
Segment results	<u>63,363</u>	<u>91,845</u>	<u>155,208</u>	<u>–</u>	<u>155,208</u>
Unallocated income					2,240
Unallocated expenses and other losses . .					(17,902)
Interest income					17,842
Impairment loss recognised on available-for-sale investments					(5,867)
Gain on disposal of property, plant and equipment					198
Consolidated profit before taxation					<u>151,719</u>

For the six months ended 30 June 2017:

	HK Operations	PRC Operations	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
Segment revenue from external customers	632,355	711,428	1,343,783	–	1,343,783
Inter-segment revenue	50,978	61,139	112,117	(112,117)	–
Segment revenue	<u>683,333</u>	<u>772,567</u>	<u>1,455,900</u>	<u>(112,117)</u>	<u>1,343,783</u>
Result					
Segment results	<u>63,085</u>	<u>61,674</u>	<u>124,759</u>	<u>–</u>	<u>124,759</u>
Unallocated income and other gains					5,351
Unallocated expenses					(657)
Interest income					9,652
Impairment loss recognised on property, plant and equipment					(1,342)
Impairment loss recognised on available-for-sale investments					(4,212)
Gain on disposal of property, plant and equipment					233
Consolidated profit before taxation					<u>133,784</u>

Inter-segment revenue are charged at prevailing market rates.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit earned by each segment without allocation of certain other expenses, certain other income, net exchange gain or loss, interest income, impairment losses recognised on available-for-sale investments, property, plant and equipment and trademark, gain or loss on disposal of property, plant and equipment and available-for-sale investments, loss on reclassification of interest in an associate to available-for-sale investments, and write-down of inventories. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance.

Other segment information

Amounts included in the measure of segment results:

For the year ended 31 December 2014:

	HK Operations	PRC Operations	Total
	HK\$'000	HK\$'000	HK\$'000
Amortisation of prepaid lease payments for leasehold land	–	1,827	1,827
Amortisation of trademark	4,893	–	4,893
Depreciation of property, plant and equipment	<u>3,309</u>	<u>4,620</u>	<u>7,929</u>

For the year ended 31 December 2015:

	HK Operations	PRC Operations	Total
	HK\$'000	HK\$'000	HK\$'000
Amortisation of prepaid lease payments for leasehold land	–	2,456	2,456
Amortisation of trademark	3,231	–	3,231
Depreciation of property, plant and equipment	<u>4,457</u>	<u>4,831</u>	<u>9,288</u>

For the year ended 31 December 2016:

	HK Operations	PRC Operations	Total
	HK\$'000	HK\$'000	HK\$'000
Amortisation of prepaid lease payments for leasehold land .	–	9,101	9,101
Amortisation of trademark	3,231	–	3,231
Depreciation of property, plant and equipment	5,433	7,084	12,517
	<u>5,433</u>	<u>7,084</u>	<u>12,517</u>

For the six months ended 30 June 2016 (unaudited):

	HK Operations	PRC Operations	Total
	HK\$'000	HK\$'000	HK\$'000
Amortisation of prepaid lease payments for leasehold land .	–	1,109	1,109
Amortisation of trademark	1,615	–	1,615
Depreciation of property, plant and equipment	2,626	2,970	5,596
	<u>2,626</u>	<u>2,970</u>	<u>5,596</u>

For the six months ended 30 June 2017:

	HK Operations	PRC Operations	Total
	HK\$'000	HK\$'000	HK\$'000
Amortisation of prepaid lease payments for leasehold land .	–	1,657	1,657
Amortisation of trademark	1,615	–	1,615
Depreciation of property, plant and equipment	2,917	4,015	6,932
	<u>2,917</u>	<u>4,015</u>	<u>6,932</u>

Geographical information

The Group's revenue from external customers is mainly derived from customers located in Hong Kong, the PRC and others, which is determined based on the location of customers, while the Group's non-current assets are located in Hong Kong and the PRC, which is determined based on the geographical location of these assets.

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
External revenue:					
Hong Kong	1,044,954	1,062,345	1,049,593	520,386	572,485
The PRC	1,377,187	1,467,472	1,489,468	749,567	725,145
Others (Canada, Australia, the United States of America, Taiwan, Macau etc.)	113,843	98,846	90,844	53,045	46,153
	<u>2,535,984</u>	<u>2,628,663</u>	<u>2,629,905</u>	<u>1,322,998</u>	<u>1,343,783</u>
	At 31 December			At 30 June	
	2014	2015	2016	2017	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Non-current assets (Note):					
Hong Kong	197,644	291,069	436,337	491,246	
The PRC	557,436	803,970	901,255	989,532	
	<u>755,080</u>	<u>1,095,039</u>	<u>1,337,592</u>	<u>1,480,778</u>	

Note: Non-current assets excluded available-for-sale investments, deferred tax assets and loan receivable.

Information about major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Customer A ¹	593,711	698,794	775,921	382,615	372,115
Customer B ²	561,458	506,308	383,381	194,515	N/A ³
Customer C ²	335,133	338,261	339,130	170,579	155,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes:

¹ From the PRC operations

² From both HK and the PRC operations

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group

7. Other income

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Dividend income from equity investments	–	98	199	–	–
Interest income from bank deposits	27,065	27,961	27,619	17,842	9,652
Miscellaneous income	4,669	8,387	3,765	2,240	5,257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	31,734	36,446	31,583	20,082	14,909

8. Other gains and losses

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Exchange (loss) gain, net	(1,627)	(6,955)	(10,424)	(9,930)	94
Impairment loss recognised on available-for-sale investments	–	(5,196)	(6,111)	(5,867)	(4,212)
Impairment loss recognised on property, plant and equipment (<i>note 14</i>)	(8,441)	(3,044)	(42,886)	–	(1,342)
Impairment loss recognised on trademark (<i>note 17</i>)	(21,197)	–	–	–	–
(Loss) gain on disposal of property, plant and equipment	(3,189)	(3,308)	(4,853)	198	233
Loss on reclassification of interest in an associate to available-for-sale investments (<i>Note i</i>)	(6,228)	–	–	–	–
Write-down of inventories (<i>Note ii</i>)	–	–	(7,580)	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(40,682)	(18,503)	(71,854)	(15,599)	(5,227)

Notes:

- i. The percentage of equity interest held by the Company in Accelerated Freeze Drying Company Limited (“AFDC”) has been diluted from 38.05% to 26.68% upon the capital injection by Nissin Foods (Asia) Pte. Ltd. (“Nissin (Asia)”), a fellow subsidiary of the Company, in AFDC in January 2014. The dilution resulted in the withdrawal of the right to nominate director from the Company to AFDC to participate in the financial and operating policy decisions of AFDC. The Company does not have the right of appointing any director in representing the Company in the board of AFDC in the foreseeable future. As a result of not able to exercise significant influence on AFDC, the Group cease to treat AFDC as an associate but instead account for AFDC as an available-for-sale investment. Accordingly, the carrying amount of the Group’s interest in AFDC of HK\$15,609,000 and the Company’s investment in AFDC of HK\$10,068,000 are reclassified from interest in an associate in the consolidated statements of financial position and company statements of financial position respectively to available-for-sale investments. Cumulative exchange loss previously recognised in other comprehensive income relating to the associate of HK\$6,228,000 has been reclassified to profit or loss during the year ended 31 December 2014.
- ii. Amount being write-off of inventories held by Shanghai Nissin Foods Co., Ltd. which was in the process of deregistration commenced during the year ended 31 December 2016. The directors of the Company have estimated the net realisable value of certain outdated printed packaging materials to be insignificant, as a result, the relevant inventories have been fully written off.

9. Income tax expense

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax:					
Hong Kong Profits Tax	17,603	18,989	15,946	10,900	12,273
PRC Enterprise Income Tax	47,665	50,514	42,434	23,874	18,740
PRC withholding tax	356	5,747	1,269	1,269	1,502
	<u>65,624</u>	<u>75,250</u>	<u>59,649</u>	<u>36,043</u>	<u>32,515</u>
Under (over) provision in prior years:					
Hong Kong Profits Tax	1,032	101	(2,567)	(2,567)	–
PRC Enterprise Income Tax	184	372	1,425	1,425	1,100
	<u>1,216</u>	<u>473</u>	<u>(1,142)</u>	<u>(1,142)</u>	<u>1,100</u>
	66,840	75,723	58,507	34,901	33,615
Deferred taxation (note 21)	(8,460)	(9,326)	2,010	1,729	(2,388)
	<u>58,380</u>	<u>66,397</u>	<u>60,517</u>	<u>36,630</u>	<u>31,227</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The EIT Law requires withholding tax to be levied on distribution of profits earned by the PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, which are the beneficial owners of the dividend received.

The income tax expense for the Track Record Period can be reconciled from the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	231,140	182,575	167,669	151,719	133,784
Tax at the domestic income tax rate of 16.5% . .	38,138	30,125	27,665	25,034	22,074
Tax effect of expenses not deductible for tax purpose	2,631	19,099	19,968	4,317	3,262
Tax effect of income not taxable for tax purpose	(741)	(1,253)	(3,720)	(2,855)	(1,101)
Tax effect of tax losses not recognised	575	1,919	3,327	3,094	957
Utilisation of tax losses previously not recognised	(699)	(786)	(169)	(2,463)	(1,888)
Effect of different tax rates of subsidiaries operating in the PRC	15,386	14,630	12,087	8,383	4,169
Under (over) provision in prior years	1,216	473	(1,142)	(1,142)	1,110
Withholding tax attributable to undistributed profits of the PRC subsidiaries	2,909	3,316	1,594	1,541	3,317
Others	(1,035)	(1,126)	907	721	(673)
Income tax expense for the year/period	58,380	66,397	60,517	36,630	31,227

10. Profit for the year/period

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year/period has been arrived at after charging:				(unaudited)	
Allowance for doubtful debts	143	44	1,462	419	–
Amortisation of prepaid lease payments for leasehold land	1,827	2,456	9,101	1,109	1,657
Amortisation of trademark	4,893	3,231	3,231	1,615	1,615
Auditor's remuneration	3,982	3,429	3,523	1,879	2,077
Cost of inventories recognised as expense	1,670,503	1,633,323	1,596,302	802,567	860,458
Depreciation of property, plant and equipment . .	74,122	76,579	90,780	44,558	53,784
Less: Amount capitalised in inventories and included in cost of sales upon sales	(66,193)	(67,290)	(78,263)	(38,962)	(46,852)
	7,929	9,289	12,517	5,596	6,932
Expenses relating to the closure of the production plant of Shanghai Nissin Foods Co., Ltd. (Note iii)	–	–	36,048	–	–
Listing expenses	–	6,237	21,085	7,972	658
Minimum lease payments paid under operating leases in respect of rented premises	6,354	7,993	7,190	3,195	3,777
Research and development expenditure	19,316	21,429	25,298	13,012	11,948
Staff costs (Note i)					
Directors' emoluments (note 11):					
– fees	–	–	158	58	100
– other emoluments	5,065	4,601	4,632	2,290	2,362
	5,065	4,601	4,790	2,348	2,462
Other staff costs excluding directors' emoluments (Notes i, ii)	380,293	421,323	444,921	223,787	234,970
Total staff costs	385,358	425,924	449,711	226,135	237,432
Less: Amount capitalised in inventories and included in cost of sales upon sales	(213,125)	(227,850)	(236,779)	(120,381)	(118,211)
	172,233	198,074	212,932	105,754	119,221

Notes:

- i. Operating lease rentals in respect of staff quarters for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2016 and 2017 amounting to HK\$546,000, HK\$876,000, HK\$1,214,000, HK\$455,000 (unaudited) and HK\$448,000 respectively, are also included under other staff costs.
- ii. Contributions to retirement benefit scheme included in other staff costs for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2016 and 2017 amounted to HK\$36,373,000, HK\$43,696,000, HK\$39,573,000, HK\$18,252,000 (unaudited) and HK\$22,706,000 respectively.
- iii. Compensation to terminated employees for the year ended 31 December 2016 amounted to HK\$22,454,000 is included in the expenses relating to the closure of the production plant of Shanghai Nissin Foods Co., Ltd., which was under deregistration process as at 31 December 2016. The deregistration is still under process as at 30 June 2017.

11. Directors', chief executive's and employees' emoluments

	Six months ended 30 June				
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' fees	–	–	158	58	100
Other emoluments:				(unaudited)	
Basic salaries and allowances	5,065	4,601	4,632	2,290	2,362
Discretionary bonus	–	–	–	–	–
Retirement benefits scheme contributions	–	–	–	–	–
	<u>5,065</u>	<u>4,601</u>	<u>4,790</u>	<u>2,348</u>	<u>2,462</u>

No directors waived any emoluments for the Track Record Period.

The emoluments paid or payable to the directors of the Company are set out below:

	Other emoluments				Total
	Directors' fees	Basic salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>For the year ended 31 December 2014</u>					
Mr. Kiyotaka Ando (<i>Note</i>)	–	1,347	–	–	1,347
Mr. Katsunori Hiroi	–	926	–	–	926
Mr. Munechiko Ono (appointed on 20 January 2014)	–	878	–	–	878
Mr. Takeshi Kikunaga (appointed on 12 September 2014)	–	226	–	–	226
Mr. Akifumi Aiba (resigned on 12 September 2014)	–	772	–	–	772
Mr. Noboru Sakata (resigned on 1 April 2014)	–	232	–	–	232
Mr. Takeshi Nohara (resigned on 1 April 2014)	–	232	–	–	232
Mr. Toshimichi Fujinawa (resigned on 3 March 2014)	–	298	–	–	298
Mr. Toshiyuki Mabuchi (resigned on 20 January 2014)	–	154	–	–	154
	<u>–</u>	<u>5,065</u>	<u>–</u>	<u>–</u>	<u>5,065</u>

	Other emoluments				Total HK\$'000
	Directors' fees	Basic salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<u>For the year ended 31 December 2015</u>					
Mr. Kiyotaka Ando (<i>Note</i>)	–	1,347	–	–	1,347
Mr. Munehiko Ono	–	1,046	–	–	1,046
Mr. Shinji Tatsutani (appointed on 11 October 2015)	–	230	–	–	230
Mr. Yoshihide Semimaru (appointed on 11 October 2015)	–	230	–	–	230
Mr. Hiroshi Ono (appointed on 26 May 2015 and resigned on 11 October 2015)	–	404	–	–	404
Mr. Takeshi Kikunaga (resigned on 11 October 2015)	–	874	–	–	874
Mr. Katsunori Hiroi (resigned on 26 May 2015)	–	470	–	–	470
	–	4,601	–	–	4,601
<u>For the year ended 31 December 2016</u>					
Mr. Kiyotaka Ando (<i>Note</i>)	–	1,347	–	–	1,347
Mr. Munehiko Ono	–	1,192	–	–	1,192
Mr. Shinji Tatsutani	–	920	–	–	920
Mr. Yoshihide Semimaru	–	920	–	–	920
Mr. Tong Ching Hsi (appointed on 17 March 2016)	158	–	–	–	158
Mr. Hijiri Fukuoka (appointed on 17 March 2016)	–	253	–	–	253
	158	4,632	–	–	4,790
<u>For the six months ended 30 June 2016 (unaudited)</u>					
Mr. Kiyotaka Ando (<i>Note</i>)	–	673	–	–	673
Mr. Munehiko Ono	–	596	–	–	596
Mr. Shinji Tatsutani	–	460	–	–	460
Mr. Yoshihide Semimaru	–	460	–	–	460
Mr. Tong Ching Hsi (appointed on 17 March 2016)	58	–	–	–	58
Mr. Hijiri Fukuoka (appointed on 17 March 2016)	–	101	–	–	101
	58	2,290	–	–	2,348
<u>For the six months ended 30 June 2017</u>					
Mr. Kiyotaka Ando (<i>Note</i>)	–	673	–	–	673
Mr. Munehiko Ono	–	596	–	–	596
Mr. Shinji Tatsutani	–	467	–	–	467
Mr. Yoshihide Semimaru	–	467	–	–	467
Mr. Tong Ching Hsi	100	–	–	–	100
Mr. Hijiri Fukuoka	–	159	–	–	159
	100	2,362	–	–	2,462

The directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Note: Mr. Kiyotaka Ando is the executive Director, chairman of the Board and chief executive of the Group.

Of the five individuals with the highest emoluments in the Group for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2016 and 2017, 2, 3, 2, 2 (unaudited) and 2 were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining 3, 2, 3, 3 (unaudited) and 3 individuals were as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Basic salaries and allowance	2,906	1,786	2,934	1,467	1,482
Discretionary bonus	–	–	–	–	–
Retirement benefit scheme contributions	–	40	–	–	–
	<u>2,906</u>	<u>1,826</u>	<u>2,934</u>	<u>1,467</u>	<u>1,482</u>

The emoluments of these employees were individually less than HK\$1,000,000 for each of the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2016 (unaudited) and 2017.

No emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

12. Dividend

During the year ended 31 December 2016, the Company declared and paid the 2016 interim dividend of HK\$27.21 per ordinary share amounting to HK\$540,000,000 in aggregate to its shareholders.

During the six months ended 30 June 2017, the Company declared and recognised the 2017 interim dividend of HK\$19.86 per ordinary share amounting to HK\$400,009,000 in aggregate as distribution to its shareholders.

13. 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:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
				(unaudited)	
<u>Earnings</u>					
Profit for the year/period attributable to the owners of the Company for the purpose of basic and diluted earnings per share (HK\$'000), as appropriate	<u>149,487</u>	<u>101,268</u>	<u>90,762</u>	<u>106,741</u>	<u>91,620</u>
<u>Number of shares</u>					
Weighted average number of ordinary shares for the purpose of					
– basic earnings per share (Note)	<u>620,141,316</u>	<u>782,434,436</u>	<u>803,691,478</u>	<u>802,154,773</u>	<u>805,211,480</u>
– diluted earnings per share (Note)	<u>N/A</u>	<u>N/A</u>	<u>803,691,478</u>	<u>802,154,773</u>	<u>805,211,480</u>

Number of ordinary shares in issue has taken into account of the share subdivision for one existing share subdivided into forty shares completed pursuant to a shareholders' resolution passed on 21 November 2017 (the "Share Subdivision").

The calculation of diluted earnings per share for the year ended 31 December 2016 and the six months ended 30 June 2016 (unaudited) and 2017 has not considered the impact in respect of the outstanding share awards since the directors of the Company considered the impact to be insignificant.

No diluted earnings per share have been presented for the years ended 31 December 2014 and 2015 since there were no potential ordinary shares in issue during the years.

Note: The weighted average number of ordinary shares shown above has been arrived at after deducting 528,000 shares held by a share award scheme trust as set out in note 30, taking into account of the Share Subdivision.

14. Property, plant and equipment

THE GROUP

	Leasehold lands	Leasehold buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST								
At 1 January 2014	31,470	524,908	17,379	574,793	66,801	15,352	9,982	1,240,685
Additions	–	151	2,588	84,478	16,095	736	48,687	152,735
Disposals	–	(19,800)	(6,090)	(63,366)	(13,674)	(1,634)	(2,183)	(106,747)
Reclassification	–	515	2,182	10,717	774	–	(14,188)	–
Exchange realignment	–	(1,367)	(41)	(1,119)	(45)	(25)	44	(2,553)
At 31 December 2014	31,470	504,407	16,018	605,503	69,951	14,429	42,342	1,284,120
Additions	–	18,678	237	76,942	10,277	3,334	318,391	427,859
Disposals	–	(2,333)	(194)	(57,321)	(3,543)	(2,436)	(145)	(65,972)
Reclassification	–	52,209	497	7,756	4,219	–	(64,681)	–
Exchange realignment	–	(22,466)	–	(23,486)	(3,205)	(384)	(5,119)	(54,660)
At 31 December 2015	31,470	550,495	16,558	609,394	77,699	14,943	290,788	1,591,347
Additions	–	7,086	–	70,643	14,956	3,463	371,424	467,572
Disposals	–	–	(127)	(64,027)	(7,191)	(1,555)	–	(72,900)
Reclassification	–	120,404	–	57,533	545	–	(178,482)	–
Exchange realignment	–	(29,512)	–	(26,546)	(3,266)	(454)	(11,141)	(70,919)
At 31 December 2016	31,470	648,473	16,431	646,997	82,743	16,397	472,589	1,915,100
Additions	–	6,122	155	3,970	11,867	1,786	143,089	166,989
Disposals	–	–	–	(836)	(72)	(451)	–	(1,359)
Acquisition of a subsidiary (note 34)	–	–	–	186	–	–	–	186
Reclassification	–	364,876	661	170,924	2,751	–	(539,212)	–
Exchange realignment	–	17,313	–	14,317	1,004	897	3,534	37,065
At 30 June 2017	31,470	1,036,784	17,247	835,558	98,293	18,629	80,000	2,117,981
DEPRECIATION AND IMPAIRMENT								
At 1 January 2014	21,489	283,507	9,937	323,464	40,903	10,966	–	690,266
Provided for the year	298	15,668	2,395	46,804	7,332	1,625	–	74,122
Impairment loss recognised (Note i)	–	3,693	132	4,601	15	–	–	8,441
Eliminated on disposals	–	(19,793)	(5,669)	(49,846)	(10,024)	(1,486)	–	(86,818)
Exchange realignment	–	(449)	(41)	(577)	(26)	(12)	–	(1,105)
At 31 December 2014	21,787	282,626	6,754	324,446	38,200	11,093	–	684,906
Provided for the year	298	16,428	2,453	48,375	7,233	1,792	–	76,579
Impairment loss recognised (Note ii)	–	–	–	3,012	32	–	–	3,044
Eliminated on disposals	–	(2,100)	(39)	(49,078)	(2,907)	(2,412)	–	(56,536)
Exchange realignment	–	(10,154)	–	(12,260)	(1,499)	(232)	–	(24,145)
At 31 December 2015	22,085	286,800	9,168	314,495	41,059	10,241	–	683,848
Provided for the year	298	16,774	2,435	58,076	11,032	2,165	–	90,780
Impairment loss recognised (Note iii)	–	1,356	–	41,247	87	196	–	42,886
Eliminated on disposals	–	–	(127)	(31,217)	(4,515)	(1,462)	–	(37,321)
Exchange realignment	–	(11,046)	–	(11,728)	(1,337)	(279)	–	(24,390)
At 31 December 2016	22,383	293,884	11,476	370,873	46,326	10,861	–	755,803
Provided for the period	149	12,249	1,258	32,902	5,963	1,263	–	53,784
Impairment loss recognised (Note iv)	–	–	–	1,342	–	–	–	1,342
Eliminated on disposals	–	–	–	(836)	(72)	(406)	–	(1,314)
Exchange realignment	–	6,656	–	4,069	729	137	–	11,591
At 30 June 2017	22,532	312,789	12,734	408,350	52,946	11,855	–	821,206
CARRYING VALUES								
At 31 December 2014	9,683	221,781	9,264	281,057	31,751	3,336	42,342	599,214
At 31 December 2015	9,385	263,695	7,390	294,899	36,640	4,702	290,788	907,499
At 31 December 2016	9,087	354,589	4,955	276,124	36,417	5,536	472,589	1,159,297
At 30 June 2017	8,938	723,995	4,513	427,208	45,347	6,774	80,000	1,296,775

Notes:

- i. During the year ended 31 December 2014, the directors of the Company conducted a review of the Group's leasehold buildings, leasehold improvements, machinery and equipment, and furniture and fixtures, and identified certain items which will not be used for production in future. Due to the cessation of production of certain products in the PRC, the directors identified those related assets to be impaired. Accordingly, full impairment loss of HK\$8,441,000 on those assets has been recognised in the profit or loss.
- ii. During the year ended 31 December 2015, the directors of the Company conducted a review of the Group's leasehold buildings, leasehold improvements, machinery and equipment, and furniture and fixtures, and identified certain items which will not be used for production in future. Accordingly, full impairment loss of HK\$3,044,000 on those assets has been recognised in the profit or loss.
- iii. During the year ended 31 December 2016, the directors of the Company conducted a review of the Group's machinery and equipment and determined that certain items were impaired since certain production lines do not meet their respective target production capacity. Accordingly, impairment losses of HK\$13,573,000 have been recognised on those assets. The recoverable amounts of the relevant assets amounted to HK\$13,306,000 have been determined on the basis of their value in use. The discount rate used in determining the value in use was 6.82%. In addition, due to the closure of the production plant of Shanghai Nissin Foods Co., Ltd., which was in the process of deregistration commenced during the year ended 31 December 2016, the directors of the Company identified those related assets to be impaired. Accordingly, full impairment loss of HK\$29,313,000 on these assets has been recognised in the profit or loss.
- iv. During the six months ended 30 June 2017, the directors of the Company conducted a review of the Group's machinery and equipment, and identified certain items which will not be used for production in future. Accordingly, full impairment loss of HK\$1,342,000 on those assets has been recognised in the profit or loss.

THE COMPANY

	Leasehold lands	Leasehold buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST								
At 1 January 2014	10,233	55,197	11,374	152,132	24,915	2,820	4,145	260,816
Arising from amalgamation	2,851	–	–	–	–	–	–	2,851
Additions	–	–	3,893	14,158	1,956	–	5,098	25,105
Disposals	–	–	–	(5,974)	(293)	–	–	(6,267)
Reclassification	–	–	750	1,862	80	–	(2,692)	–
At 31 December 2014.	13,084	55,197	16,017	162,178	26,658	2,820	6,551	282,505
Additions	–	–	239	2,836	282	809	105,136	109,302
Disposals	–	–	(194)	(23,338)	(1,908)	(781)	(145)	(26,366)
Reclassification	–	–	497	1,055	830	–	(2,382)	–
At 31 December 2015.	13,084	55,197	16,559	142,731	25,862	2,848	109,160	365,441
Additions	–	–	–	2,354	399	528	167,295	170,576
Disposals	–	–	(127)	(1,566)	(1,529)	(504)	–	(3,726)
Reclassification	–	–	–	3,570	–	–	(3,570)	–
At 31 December 2016.	13,084	55,197	16,432	147,089	24,732	2,872	272,885	532,291
Additions	–	–	155	3,343	5,285	–	19,821	28,604
Disposals	–	–	–	(531)	(72)	–	–	(603)
Reclassification	–	209,320	660	72,742	10	–	(282,732)	–
At 30 June 2017	13,084	264,517	17,247	222,643	29,955	2,872	9,974	560,292
DEPRECIATION AND IMPAIRMENT								
At 1 January 2014	4,850	47,579	4,305	92,836	19,290	1,703	–	170,563
Provided for the year	166	1,180	2,318	17,133	2,159	495	–	23,451
Arising from amalgamation	2,126	–	–	–	–	–	–	2,126
Eliminated on disposals	–	–	–	(3,943)	(286)	–	–	(4,229)
Impairment loss recognised in profit or loss.	–	3,693	132	1,959	15	–	–	5,799
At 31 December 2014.	7,142	52,452	6,755	107,985	21,178	2,198	–	197,710
Provided for the year	183	1,050	2,451	15,718	1,879	430	–	21,711
Eliminated on disposals	–	–	(39)	(22,105)	(1,466)	(781)	–	(24,391)
Impairment loss recognised in profit or loss.	–	–	–	412	32	–	–	444
At 31 December 2015.	7,325	53,502	9,167	102,010	21,623	1,847	–	195,474
Provided for the year	183	877	2,435	16,665	1,490	537	–	22,187
Eliminated on disposals	–	–	(127)	(1,566)	(1,529)	(504)	–	(3,726)
At 31 December 2016.	7,508	54,379	11,475	117,109	21,584	1,880	–	213,935
Provided for the period	91	2,483	1,258	12,109	875	201	–	17,017
Eliminated on disposals	–	–	–	(531)	(72)	–	–	(603)
At 30 June 2017	7,599	56,862	12,733	128,687	22,387	2,081	–	230,349
CARRYING VALUES								
At 31 December 2014.	5,942	2,745	9,262	54,193	5,480	622	6,551	84,795
At 31 December 2015.	5,759	1,695	7,392	40,721	4,239	1,001	109,160	169,967
At 31 December 2016.	5,576	818	4,957	29,980	3,148	992	272,885	318,356
At 30 June 2017	5,485	207,655	4,514	93,956	7,568	791	9,974	329,943

The above items of property, plant and equipment except for construction in progress which is carried at cost less any recognised impairment loss, are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Leasehold lands	Over the terms of the leases
Leasehold buildings	3% – 5%
Leasehold improvements	Over the shorter of the terms of the leases or 20%
Machinery and equipment.	9% – 30%
Furniture and fixtures	14% – 20%
Motor vehicles	18% – 30%

The leasehold lands of the Group and the Company are situated in Hong Kong.

15. Prepaid lease payments for leasehold land

	THE GROUP			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepaid lease payments for leasehold land in the PRC	78,342	96,848	85,038	87,414
Analysed for reporting purposes as:				
Non-current assets	76,567	95,176	83,456	85,783
Current assets	1,775	1,672	1,582	1,631
	78,342	96,848	85,038	87,414

16. Goodwill

	HK\$'000
AT COST	
At 1 January 2014, 31 December 2014, 31 December 2015 and 31 December 2016.	8,414
Arising on acquisition of a subsidiary (<i>note 34</i>)	31,668
At 30 June 2017	40,082

For the purpose of impairment testing, goodwill has been allocated to two individual CGUs, comprising one subsidiary, namely Guangdong Shunde Nissin Foods Co., Ltd., in the manufacturing and sales of instant noodles products and another subsidiary, namely MC Marketing & Sales (Hong Kong) Limited in the importation and distribution of beverages and food products. The carrying amount of goodwill as at 31 December 2014, 2015, 2016 and 30 June 2017 allocated to these units are as follows:

	THE GROUP			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guangdong Shunde Nissin Foods Co., Ltd.	8,414	8,414	8,414	8,414
MC Marketing & Sales (Hong Kong) Limited	–	–	–	31,668
	8,414	8,414	8,414	40,082

During the Track Record Period, the management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Guangdong Shunde Nissin Foods Co., Ltd.

The recoverable amounts of this CGU has been determined by a value in use calculation. Key assumptions for the value in use calculation, are those regarding the discount rates, growth rates and expected changes to selling prices and cost during the Track Record Period. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group performed impairment review for the goodwill of Guangdong Shunde Nissin Foods Co., Ltd as at 31 December 2014, 2015 and 2016, based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows for the following five years as approved by the management and using a pre-tax discount rate of 6.3%, 6.5% and 6.8% respectively. The cash flows beyond the five-year period are extrapolated using a 1%, 1% and 1% growth rate respectively. Management believes that any reasonably possible change of these assumptions would not cause the aggregate carrying amount of this CGU to exceed its aggregate recoverable amount.

MC Marketing & Sales (Hong Kong) Limited

The Group acquired 51% equity interest of MC Marketing & Sales (Hong Kong) Limited during the six months ended 30 June 2017 (*note 34*) and the amount of goodwill as a result of the acquisition was approximately HK\$31,668,000.

The recoverable amount of this CGU has been determined based on a value in use calculation. At 30 June 2017, the recoverable amount of this CGU is determined taking into account the valuation performed by management, based on the cash flows forecasts derived from the most recent financial budgets for the next 5 years and a pre-tax discount rate of 15.0% per annum which reflects current market assessment of the time value of money and the risks specific to this CGU. The cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. This growth rate does not exceed the average long-term growth rate for the relevant industry. Other key assumptions and key parameters for the value in use calculations include budgeted sales and gross margin and expected changes to selling prices and cost, which are determined based on management's expectations for the market development and market growth forecasts. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this unit.

17. Trademark

THE GROUP AND THE COMPANY

	HK\$'000
COST	
At 1 January 2014, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017	73,419
AMORTISATION AND IMPAIRMENT	
At 1 January 2014	6,134
Amortisation for the year	4,893
Impairment loss recognised (<i>Note i</i>)	21,197
At 31 December 2014	32,224
Amortisation for the year	3,231
At 31 December 2015	35,455
Amortisation for the year	3,231
At 31 December 2016	38,686
Amortisation for the period	1,615
At 30 June 2017	40,301
CARRYING VALUES	
At 31 December 2014	41,195
At 31 December 2015	37,964
At 31 December 2016	34,733
At 30 June 2017	33,118

The trademark is amortised over its estimated useful life of 15 years.

Notes:

- i. On 31 December 2014, the directors conducted impairment review on the trademark in view of the decreasing profit margin was derived from the products under this trademark. The recoverable amount of the trademark amounting to HK\$41,195,000 has been determined based on a value in use calculation, which is based on the cash flow forecast derived from the financial budgets approved by management covering a five-year period and a discount rate of 11.6%. The cash flows beyond the five-year period are extrapolated using a 3.5% growth rate. The key assumptions for the value in use calculations are discount rate and growth rate. Based on the assessments, an impairment loss of HK\$21,197,000 was charged to the profit or loss.

18. Investments in subsidiaries

	THE COMPANY			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted investments, at cost	1,776,593	2,128,227	2,252,064	2,294,523
Less: Impairment loss recognised.	(335,873)	(235,720)	(235,720)	(235,720)
	<u>1,440,720</u>	<u>1,892,507</u>	<u>2,016,344</u>	<u>2,058,803</u>

The directors of the Company reviewed the carrying amount of the investments at the end of each reporting period. The recoverable amount of these investments is determined with reference to the directors' estimate of discounted future cash flows and net assets of the investments as at those dates.

At the date of this report, the Company has equity interests in the following subsidiaries comprising the Group:

Name of subsidiaries	Place of incorporation/ registration	Date of incorporation/ registration	Issued and fully paid ordinary share capital/ registered capital	Attributable equity interest held by the Company					Principal activities
				At 31 December			At 30 June	At date of this report	
				2014	2015	2016	2017		
東莞日清包裝有限公司 Dongguan Nissin Packaging Co., Ltd.* (Note 1)	PRC	17 October 2013	RMB147,000,000	100%	100%	100%	100%	100%	Manufacturing of packaging materials of instant noodles products
福建日清食品有限公司 Fujian Nissin Foods Co., Ltd.* (Note 1)	PRC	19 February 2014	RMB235,000,000	100%	100%	100%	100%	100%	Manufacturing of instant noodles products
港永南食品(深圳)有限公司 Gangyongnan Food Products (Shenzhen) Co., Ltd.* (Note 2)	PRC	3 March 1999	HK\$11,000,000	100%	100%	100%	100%	100%	Trading and sales of frozen foods
廣東順德日清食品有限公司 Guangdong Shunde Nissin Foods Co., Ltd.* (Note 1)	PRC	13 November 1994	HK\$130,000,000	100%	100%	100%	100%	100%	Manufacturing and sales of instant noodles products
日清食品(中國)投資有限公司 Nissin Foods (China) Holding Co., Ltd.* (Note 3)	PRC	29 October 2001	RMB1,443,797,800	100%	100%	100%	100%	100%	Investment holding in the PRC and purchase and sale of instant noodles products
日清食品(香港)有限公司 Nissin Foods (H.K.) Company Limited (Note 3)	Hong Kong	25 August 2015	HK\$10,000,000	–	100%	100%	100%	100%	Sales and distribution of noodles, retort foods, frozen foods, beverage products and snacks in Hong Kong and Macau
日清食品(香港)管理有限公司 Nissin Foods (H.K.) Management Company Limited (Note 3)	Hong Kong	6 July 2001	HK\$200	100%	100%	100%	100%	100%	Provision of administrative and human resources to group companies

Name of subsidiaries	Place of incorporation/ registration	Date of incorporation/ registration	Issued and fully paid ordinary share capital/ registered capital	Attributable equity interest held by the Company					Principal activities
				At 31 December			At 30 June	At date of this report	
				2014	2015	2016	2017		
日清湖池屋 (中國·香港) 有限公司 Nissin Koikeya Foods (China & HK) Co., Limited (Note 3)	Hong Kong	27 September 2013	HK\$10,000,000	66%	66%	66%	66%	66%	Purchase and sales of snacks
上海日清食品有限公司 Shanghai Nissin Foods Co., Ltd.* (Notes 1 and 5)	PRC	28 February 1995	US\$44,000,000	100%	100%	100%	100%	100%	Manufacturing and sales of instant noodles products
永南食品有限公司 Winner Food Products Limited (Note 3)	Hong Kong	11 April 1969	HK\$29,975,000	100%	100%	100%	100%	100%	Manufacturing and sales of instant noodles products and frozen foods
MC Marketing & Sales (Hong Kong) Limited (Notes 3 and 8)	Hong Kong	17 January 1978	HK\$1,000	-	-	-	51%	51%	Importation and distribution of beverages and food products
珠海市金海岸永南食品有限公司 Zhuhai Golden Coast Winner Food Products Limited (Note 2)	PRC	3 July 1993	HK\$84,000,000	70.45%	70.45%	70.45%	70.45%	70.45%	Manufacturing and sales of instant noodles
浙江日清食品有限公司 Zhejiang Nissin Foods Co., Ltd.* (Note 4)	PRC	25 November 2014	RMB350,000,000	100%	100%	100%	100%	100%	Manufacturing of instant noodles products

* English translated name is for identification only.

Notes:

- During the year ended 31 December 2015, the equity interest in these PRC subsidiaries were transferred from the Company to Nissin Foods (China) Holding Co., Ltd. and are indirectly held by the Company thereafter.
- Gangyongnan Food Products (Shenzhen) Co., Ltd. and Zhuhai Golden Coast Winner Food Products Limited are indirectly held by the Company through Winner Food Products Limited.
- These companies are directly held by the Company.
- Zhejiang Nissin Foods Co., Ltd. is indirectly held by the Company through Nissin Foods (China) Holding Co., Ltd..
- Shanghai Nissin Foods Co., Ltd. is under deregistration process as at 30 June 2017.
- Except for Zhuhai Golden Coast Winner Food Products Limited which is a sino-foreign equity joint venture in the PRC, all other PRC subsidiaries are wholly foreign-owned enterprises registered in the PRC.
- Miracle Foods Company Limited, a subsidiary of the Company before 31 December 2014, was amalgamated with the Company to continue as one company on 31 December 2014 under section 680 of the Hong Kong Companies Ordinance.
- During the period ended 30 June 2017, the Group acquired equity interest of 51% in MC Marketing & Sales (Hong Kong) Limited. Details are set out in note 34.

The statutory consolidated financial statements of the Company and its subsidiaries, and Winner Food Products Limited and its subsidiaries, and the statutory financial statements of Miracle Foods Company Limited, Nissin Foods (H.K.) Company Limited, Nissin Foods (H.K.) Management Company Limited and Nissin Koikeya Foods (China & HK) Co., Limited for the years ended 31 December 2014, 2015 and 2016, or since their respective dates of incorporation, or up to the date of amalgamation, whichever is appropriate, and MC Marketing & Sales (Hong Kong) Limited for the year ended 31 March 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

The statutory financial statements of the subsidiaries registered in the PRC were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by certified public accountants registered in the PRC as set out below:

Name of entities	Periods covered	Certified Public Accountants
Dongguan Nissin Packaging Co., Ltd.	For the years ended 31 December 2014, 2015 and 2016	Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shenzhen Branch
Fujian Nissin Foods Co., Ltd.	For the period from 19 February 2014 (date of registration) to 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP, Guangzhou Branch
	For the years ended 31 December 2015 and 2016	Deloitte Touche Tohmatsu Certified Public Accountants LLP, Guangzhou Branch
Gangyongnan Food Products (Shenzhen) Co., Ltd.	For the years ended 31 December 2014, 2015 and 2016	Yong Ming (Shenzhen) Certified Public Accountants
Guangdong Shunde Nissin Foods Co., Ltd.	For the years ended 31 December 2014, 2015 and 2016	Deloitte Touche Tohmatsu Certified Public Accountants LLP, Guangzhou Branch
Nissin Foods (China) Holding Co., Ltd.	For the years ended 31 December 2014, 2015 and 2016	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai Nissin Foods Co., Ltd. . . .	For the years ended 31 December 2014, 2015 and 2016	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Zhuhai Golden Coast Winner Food Products Limited	For the years ended 31 December 2014, 2015 and 2016	Zhuhai Zhong Shui Wang Great CPAs Partnership
Zhejiang Nissin Foods Co., Ltd. . . .	For the period from 25 November 2014 (date of registration) to 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	For the years ended 31 December 2015 and 2016	Deloitte Touche Tohmatsu Certified Public Accountants LLP

19. Interest in an associate

	THE GROUP			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted shares, at cost.	–	120	120	120
Exchange realignment	–	(1)	(4)	(4)
	–	119	116	116
	<u>–</u>	<u>119</u>	<u>116</u>	<u>116</u>

Particulars of the associate of the Group are as follows:

Name of associate	Place of incorporation	Proportion of issued share capital				Principal activities
		At 31 December			At 30 June	
		2014	2015	2016	2017	
北京正本廣告有限公司	PRC	–	25%	25%	25%	Designing, producing and publishing advertisements

The followings are the information of the associate:

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group's share of profit	–	–	–	–
The Group's share of other comprehensive expense	–	(1)	(3)	–
The Group's share of total comprehensive expense	–	(1)	(3)	–
Aggregate carrying amount of the Group's interest in an associate	–	119	116	116

20. Available-for-sale investments

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At fair values:								
Club debenture	100	100	100	100	100	100	100	100
Listed equity investments in Hong Kong	–	16,105	19,055	14,843	–	16,105	19,055	14,843
	100	16,205	19,155	14,943	100	16,205	19,155	14,943
At cost:								
Unlisted equity investments	1,158,868	15,609	19,514	19,514	1,153,328	10,068	13,973	13,973
Less: Impairment loss recognised	(524,304)	–	–	–	(524,304)	–	–	–
	634,564	15,609	19,514	19,514	629,024	10,068	13,973	13,973
	634,664	31,814	38,669	34,457	629,124	26,273	33,128	28,916

Club debenture is stated at fair value which is determined by reference to market prices.

Listed equity investments are measured at fair value at the end of each reporting period based on quoted market bid prices.

Unlisted equity investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Group's unlisted equity investments include nil, nil, nil and nil (net of impairment loss of HK\$524,304,000, nil, nil and nil) respectively, which represent investments in two 14.29% unlisted equity securities issued by private entities established in the PRC, and HK\$618,955,000, nil, nil and nil respectively, which represent investments in 14.93% unlisted equity securities issued by private entities established in the PRC, and nil, nil, HK\$3,905,000 and HK\$3,905,000 respectively, which represent investments in 5% unlisted equity securities issued by private entities established in the PRC. These investments are engaged in the manufacturing and sales of instant foods (with remaining interests held by another independent third party). The remaining HK\$15,609,000, HK\$15,609,000, HK\$15,609,000 and HK\$15,609,000 as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively, represent investments in unlisted equity securities issued by a private entity in India which was reclassified from interest in an associate during the year ended 31 December 2014 (see note 19 for details).

During the year ended 31 December 2015, in order to concentrate on developing the Group's own brand in the PRC market, the Group disposed its investments in the two 14.29% unlisted equity securities and the 14.93% unlisted equity securities issued by private entities established in the PRC to the other shareholder, an independent third party, of these private entities at a consideration of RMB450,000,000 (equivalent to HK\$537,134,000). Such disposal, net of transaction costs of HK\$3,179,000, resulting in a loss on disposal of such available-for-sale investments amounting to HK\$85,002,000 to be recognised in profit or loss. The consideration was received by the Group during the year ended 31 December 2016.

21. Deferred taxation

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the Track Record Period:

THE GROUP

	Accelerated tax depreciation	Tax losses	Undistributed earnings of the PRC subsidiaries	Others	Total
	HK\$'000	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000
At 31 January 2014	23,502	(546)	6,913	(6,863)	23,006
(Credited) charged to profit or loss	(3,344)	429	2,553	(8,098)	(8,460)
At 31 December 2014	20,158	(117)	9,466	(14,961)	14,546
Charged (credited) to profit or loss	51	–	(2,430)	(6,947)	(9,326)
At 31 December 2015	20,209	(117)	7,036	(21,908)	5,220
Charged (credited) to profit or loss	378	(894)	325	2,201	2,010
At 31 December 2016	20,587	(1,011)	7,361	(19,707)	7,230
Charged (credited) to profit or loss	14,005	(15,984)	1,815	(2,224)	(2,388)
At 30 June 2017	34,592	(16,995)	9,176	(21,931)	4,842

For the purpose of presentation of the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax assets	(15,002)	(20,907)	(20,229)	(24,852)
Deferred tax liabilities	29,548	26,127	27,459	29,694
	14,546	5,220	7,230	4,842

THE COMPANY

	Accelerated tax depreciation	Tax losses	Others	Total
	HK\$'000	HK\$'000	HK\$'000 (Note 3)	HK\$'000
At 31 January 2014	15,233	–	(3,309)	11,924
(Credited) charged to profit or loss	(3,343)	–	944	(2,399)
At 31 December 2014	11,890	–	(2,365)	9,525
Credited to profit or loss	(783)	–	(190)	(973)
As 31 December 2015	11,107	–	(2,555)	8,552
(Credited) charged to profit or loss	(264)	–	1,558	1,294
At 31 December 2016	10,843	–	(997)	9,846
(Credited) charged to profit or loss	14,005	(13,451)	25	579
At 30 June 2017	24,848	(13,451)	(972)	10,425

Notes:

- (1) As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Group has unused tax losses of approximately HK\$44,079,000, HK\$32,459,000, HK\$40,383,000 and HK\$126,092,000, respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$470,000, HK\$470,000, HK\$5,888,000 and HK\$98,189,000, respectively, of such losses. No deferred tax asset in respect of the remaining tax losses of approximately HK\$43,609,000, HK\$31,989,000, HK\$34,495,000 and HK\$27,903,000, respectively, has been recognised in the Historical Financial Information as, in the opinion of the directors of the Company, it is not certain that the tax losses will be utilised in the foreseeable future due to the unpredictability of future profit streams.

Included in unrecognised tax losses as at 31 December 2014, 2015 and 2016 and 30 June 2017 are losses of HK\$23,295,000, HK\$29,029,000, HK\$31,255,000 and HK\$27,179,000 that will expire as follows:

	At 31 December			At 30 June	
	2014	2015	2016	2017	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
2016	21,467	15,690	–	–	
2018	1,828	1,721	1,612	1,379	
2019	337	318	416	–	
2020	–	11,174	9,613	–	
2021	–	–	19,614	22,091	
2022	–	–	–	3,709	
	<u>23,632</u>	<u>28,903</u>	<u>31,255</u>	<u>27,179</u>	

Other losses may be carried forward indefinitely.

- (2) Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2014, 2015 and 2016 and 30 June 2017, deferred taxation has been provided for in the Historical Financial Information in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries amounting to approximately HK\$189,000,000, HK\$141,000,000, HK\$147,000,000 and HK\$184,000,000 respectively.
- (3) Amount mainly represents deductible temporary differences arising from provision for retirement benefits, accrued salaries and accrued promotion expenses.

22. Loan receivable

The loan receivable is interest free, repayable by quarterly instalments within ten years (from July 2014 with last payment by 2024) and the repayments are guaranteed by the shareholder of the borrower.

23. Inventories

	THE GROUP				THE COMPANY			
	At 31 December		At 30 June		At 31 December		At 30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Raw materials	70,006	81,996	88,642	86,201	25,147	27,035	28,263	29,131
Work in progress	5,363	8,920	16,879	19,325	–	–	–	–
Finished goods	85,745	74,654	109,610	117,550	8,989	7,304	18,368	15,858
	<u>161,114</u>	<u>165,570</u>	<u>215,131</u>	<u>223,076</u>	<u>34,136</u>	<u>34,339</u>	<u>46,631</u>	<u>44,989</u>

24. Trade receivables, other receivables, prepayments and deposits

	THE GROUP				THE COMPANY			
	At 31 December		At 30 June		At 31 December		At 30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	305,436	317,708	298,583	406,059	85,368	25,632	2,688	2,463
Less: allowance for doubtful debts	(1,401)	(1,237)	(2,212)	(1,684)	–	–	–	–
	<u>304,035</u>	<u>316,471</u>	<u>296,371</u>	<u>404,375</u>	<u>85,368</u>	<u>25,632</u>	<u>2,688</u>	<u>2,463</u>

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximate the respective revenue recognition dates at the end of each reporting period.

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	236,134	205,509	186,473	232,032	71,006	14,161	607	492
31 to 90 days	60,943	105,884	104,111	129,932	13,783	10,389	1,016	852
91 to 180 days	6,958	5,078	5,787	42,411	579	1,082	1,065	1,119
	<u>304,035</u>	<u>316,471</u>	<u>296,371</u>	<u>404,375</u>	<u>85,368</u>	<u>25,632</u>	<u>2,688</u>	<u>2,463</u>

The Group allows credit period ranging from 0 to 120 days to its trade customers.

Trade receivables which are neither past due nor impaired are considered recoverable as the balances related to a number of independent customers that have a good repayment record with the Group.

Included in the Group's trade receivable balance as at 31 December 2014, 2015, 2016 and 30 June 2017 are debtors with aggregate carrying amounts of HK\$86,403,000, HK\$47,452,000, HK\$26,282,000 and HK\$75,742,000 respectively, and the Company's trade receivable balance as at 31 December 2014, 2015, 2016 and 30 June 2017 are debtors with aggregate carrying amounts of HK\$50,849,000, HK\$21,049,000, HK\$606,000 and HK\$607,000 respectively which are past due at the end of each reporting period for which the Group and the Company have not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable bases on historical experience. The Group and the Company do not hold any collateral over these balances.

Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. Most of the trade receivables that are neither past due nor impaired have the best credit quality as determined by the Group and the Company.

Ageing of trade receivables which are past due but not impaired

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Overdue:								
1 to 30 days	70,850	37,166	19,371	81,989	48,402	16,773	518	431
31 to 60 days	4,984	7,544	246	3,939	2,332	3,660	88	39
Over 60 days	10,569	2,742	6,665	8,994	115	616	–	137
Total	<u>86,403</u>	<u>47,452</u>	<u>26,282</u>	<u>94,922</u>	<u>50,849</u>	<u>21,049</u>	<u>606</u>	<u>607</u>

Movement in the allowance for doubtful debts

	THE GROUP			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at beginning of the year/period	1,337	1,401	1,237	2,212
Impairment losses recognised	143	44	1,462	–
Amounts written off as uncollectible	(139)	–	(414)	(576)
Exchange realignment	60	(208)	(73)	48
Balance at end of the year/period	<u>1,401</u>	<u>1,237</u>	<u>2,212</u>	<u>1,684</u>

Included in the Group's allowance for doubtful debts as at 31 December 2014, 2015, 2016 and 30 June 2017 are individually impaired trade receivables with an aggregate balance of HK\$1,401,000, HK\$1,237,000, HK\$2,212,000 and HK\$1,684,000 respectively which are in financial difficulties in repaying the outstanding balances. The Group does not hold any collateral over these balances.

The following is the analysis of other receivables, prepayments and deposits at the end of each reporting period:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Consideration receivable on disposal of available-for-sale investments (see note 20)	–	537,134	–	–	–	537,134	–	–
Other receivables	12,053	6,216	9,469	24,193	3,634	997	3,937	2,767
Prepayments and others	4,545	7,016	9,387	18,060	1,696	4,755	3,934	10,116
Prepaid value added tax and other taxes	14,930	25,983	38,768	41,093	–	–	–	–
Utilities and other deposits	12,657	12,666	14,417	15,478	5,873	5,127	7,174	7,347
	<u>44,185</u>	<u>589,015</u>	<u>72,041</u>	<u>98,824</u>	<u>11,203</u>	<u>548,013</u>	<u>15,045</u>	<u>20,230</u>

25. Amounts due from (to) ultimate holding company/fellow subsidiaries/subsidiaries/a non-controlling shareholder of a subsidiary/loans to subsidiaries

The following is an aged analysis of trade receivables from related companies (which are unsecured, interest-free and with credit terms ranging from 30 to 40 days) presented based on the invoice date, which approximate the respective revenue recognition dates at the end of each reporting period.

Amounts due from fellow subsidiaries:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	1,081	3,207	538	633	1,081	1,388	–	–
31 to 90 days	–	138	2	1,711	–	138	–	1,365
91 to 180 days	–	13	1	–	–	13	1	–
	<u>1,081</u>	<u>3,358</u>	<u>541</u>	<u>2,344</u>	<u>1,081</u>	<u>1,539</u>	<u>1</u>	<u>1,365</u>

Amounts due from subsidiaries:

	THE COMPANY			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	18,531	150,733	53,147	62,115
31 to 90 days	811	7,528	11	–
91 to 180 days	1,211	650	10	1,331
Over 180 days	–	–	10	12
	<u>20,553</u>	<u>158,911</u>	<u>53,178</u>	<u>63,458</u>

Included in the Group's trade receivables from fellow subsidiaries as at 31 December 2014, 2015, 2016 and 30 June 2017 are debtors with aggregate carrying amounts of nil, HK\$151,000, HK\$3,000 and HK\$1,711,000 respectively which are past due at the end of each reporting period for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Included in the Company's trade receivables from fellow subsidiaries as at 31 December 2014, 2015, 2016 and 30 June 2017 are debtors with aggregate carrying amounts of nil, HK\$151,000, HK\$1,000 and HK\$1,365,000 respectively which are past due at the end of each reporting period for which the Company has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Company does not hold any collateral over these balances.

Included in the Company's trade receivables from subsidiaries as at 31 December 2014, 2015, 2016 and 30 June 2017 are debtors with aggregate carrying amounts of HK\$1,640,000, HK\$5,171,000, HK\$53,178,000 and HK\$63,248,000 respectively which are past due at the end of each reporting period for which the Company has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Company does not hold any collateral over these balances.

Ageing of amounts due from related companies which are past due but not impaired

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts due from fellow subsidiaries								
Overdue:								
1 to 30 days	–	138	2	–	–	138	–	–
31 to 60 days	–	13	1	1,711	–	13	1	1,365
	–	151	3	1,711	–	151	1	1,365

	THE COMPANY			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts due from subsidiaries				
Overdue:				
1 to 30 days	808	2,936	52,894	61,905
31 to 60 days	6	1,852	11	–
Over 60 days	826	383	273	1,343
	1,640	5,171	53,178	63,248

The following is an aged analysis of trade payables to related companies (which are unsecured, interest-free and with credit terms ranging from 30 to 40 days) presented based on the invoice date at the end of each reporting period:

Amount due to ultimate holding company:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	15,048	14,471	5,189	8,845	10,176	9,853	3,049	5,565
31 to 90 days	3,439	3,007	8,069	5,248	3,380	3,007	7,029	4,993
91 to 180 days	21	55	2,718	2,009	21	55	1,944	1,852
Over 180 days	–	–	1,025	578	–	–	57	578
	18,508	17,533	17,001	16,680	13,577	12,915	12,079	12,988

Amounts due to fellow subsidiaries:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	1,026	1,080	4,399	4,211	1,026	926	2,503	2,343
31 to 90 days	–	–	75	250	–	–	74	–
91 to 180 days	–	–	–	41	–	–	–	–
	1,026	1,080	4,474	4,502	1,026	926	2,577	2,343

Amounts due to subsidiaries:

	THE COMPANY			
	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	12,619	19,405	13,542	10,825
31 to 90 days	1,079	787	391	368
91 to 180 days	25	3,980	18	75
	<u>13,723</u>	<u>24,172</u>	<u>13,951</u>	<u>11,268</u>

Included in loans to subsidiaries, amount of nil, HK\$25,250,000, HK\$10,000,000 and HK\$10,000,000 to a subsidiary as at 31 December 2014, 2015, 2016 and 30 June 2017 respectively is unsecured, carries interest at 1.25% per annum and is repayable within one year.

The remaining loans to another subsidiary with the amount of nil, nil, nil and HK\$35,000,000 as at 31 December 2014, 2015, 2016 and 30 June 2017 respectively are unsecured, carry at fixed interest rates and are repayable on 31 March 2018. As at 31 December 2014, 2015, 2016 and 30 June 2017, the weighted average effective interest rate of the loans is nil, nil, nil and 0.43% per annum respectively.

Other than disclosed in above, the remaining amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

26. Pledged bank deposit, time deposits over three months, and bank balances and cash

Pledged bank deposit represents deposit carries interest at 3.25% per annum pledged to a bank as a construction guarantee for the production plant in Fujian. Such deposit was released in 2015 upon completion of construction of this production plant.

Time deposits over three months and bank balances as at 31 December 2014, 2015, 2016 and 30 June 2017 carry prevailing market interest rate ranging from 0.01% to 7.20% per annum, 0.01% to 4.30% per annum, 0.01% to 7.30% and 0.01% to 4.50% per annum respectively.

27. Trade payables, other payables and accruals

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

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	100,646	94,945	98,679	125,482	23,616	20,739	18,572	21,901
31 to 90 days	50,042	40,888	51,000	61,630	8,309	8,297	7,470	5,473
91 to 180 days	1,170	714	1,181	28,806	169	442	176	3,014
Over 180 days	9	171	2,988	475	–	–	–	–
	<u>151,867</u>	<u>136,718</u>	<u>153,848</u>	<u>216,393</u>	<u>32,094</u>	<u>29,478</u>	<u>26,218</u>	<u>30,388</u>

The following is the analysis of other payables and accruals at the end of each reporting period:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accruals for promotion and advertising expenses	178,870	221,531	278,632	272,310	81,271	92,814	90,860	54,919
Construction payables	1,267	48,528	53,230	22,632	874	616	–	–
Dividend payable	–	–	9,911	412,606	–	–	–	400,009
Staff costs and welfare payables	65,242	70,414	76,134	67,217	23,509	23,611	24,307	20,717
Value added tax and other tax payables	4,802	14,491	11,406	8,655	–	–	–	–
Other payables and accruals	58,937	69,557	73,305	103,666	17,365	16,557	27,176	21,534
	<u>309,118</u>	<u>424,521</u>	<u>502,618</u>	<u>887,086</u>	<u>123,019</u>	<u>133,598</u>	<u>142,343</u>	<u>497,179</u>

28. Share capital

	Number of shares	HK\$'000
Authorised		
At 1 January 2014	15,300,000	1,530,000
At 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017	N/A (Note)	
Issued and fully paid		
At 1 January 2014		
– Ordinary shares of HK\$100 each	6,716,000	671,600
Issue of new shares in exchange for 74% equity interest in Winner Food		
– Ordinary shares of HK\$100 each	4,552,990	455,299
Issue of new shares for cash		
– Ordinary shares with no par value	5,480,880	548,088
At 31 December 2014		
– Ordinary shares with no par value	16,749,870	1,674,987
Issue of new shares for cash		
– Ordinary shares with no par value	3,096,580	309,658
At 31 December 2015		
– Ordinary shares with no par value	19,846,450	1,984,645
Issue of new shares for share award scheme		
– Ordinary shares with no par value (Note i)	13,200	2,046
Issue of new shares for cash		
– Ordinary shares with no par value	283,837	43,995
At 31 December 2016 and 30 June 2017		
– Ordinary shares with no par value	20,143,487	2,030,686

Pursuant to a shareholders' resolution passed on 21 November 2017, each ordinary share of the Company was subdivided into forty shares.

Notes:

- i. On 7 March 2016, 13,200 shares ("Scheme Shares") are allotted at HK\$2,046,000 in aggregate and held by a trust for a share award scheme (the 'Share Award Scheme') as at 31 December 2016 and 30 June 2017.

The estimated total fair value of the Scheme Shares is determined with reference to the consideration of HK\$43,995,000 for the allotment of a total of 283,837 shares in the Company to Mr. Kiyotaka Ando on 19 February 2016.

- ii. The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance, that is 3 March 2014.

29. Reserves

The followings are the movements in the Company's reserves for the Track Record Period:

	Investment revaluation reserve	Shares held for Share Award Scheme	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	–	–	783,751	783,751
Profit and total comprehensive income for the year	–	–	131,674	131,674
Deemed distribution to the holding company (Note)	–	–	(4,540)	(4,540)
At 31 December 2014	–	–	910,885	910,885
Profit for the year	–	–	305,983	305,983
Fair value loss on available-for-sale investments . .	(5,196)	–	–	(5,196)
Reclassification adjustment upon impairment of available-for-sale investments	5,196	–	–	5,196
At 31 December 2015	–	–	1,216,868	1,216,868
Profit for the year	–	–	67,784	67,784
Fair value loss on available-for-sale investments . .	(6,111)	–	–	(6,111)
Reclassification adjustment upon impairment of available-for-sale investments	6,111	–	–	6,111
Issue of shares for Share Award Scheme	–	(2,046)	–	(2,046)
Dividend recognised as distribution (note 12) . . .	–	–	(540,000)	(540,000)
At 31 December 2016	–	(2,046)	744,652	742,606
Loss for the period	–	–	(1,842)	(1,842)
Fair value loss on available-for-sale investments . .	(4,212)	–	–	(4,212)
Reclassification adjustment upon impairment of available-for-sale investments	4,212	–	–	4,212
Dividend recognised as distribution (note 12) . . .	–	–	(400,009)	(400,009)
At 30 June 2017	–	(2,046)	342,801	340,755

Note: On 1 January 2014, the Company issued 4,552,990 ordinary shares of HK\$100 each to Nissin Foods Holdings Co., Ltd. in exchange for 74% equity interest in Winner Food. An amount of HK\$4,540,000, which represents the difference between the nominal value of the share capital issued by the Company amounting to HK\$455,299,000 and the carrying amount of the net assets attributable to the 74% equity interest in Winner Food arising from the group reorganisation amounting to HK\$450,759,000, is debited to retained profits as deemed distribution to the holding company.

30. 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.

For awarded shares granted on 17 March 2016 according to the Share Award Scheme, all of the awarded shares shall be subject to lock up for a period of 6 months from the date of vesting, during which period a trustee shall hold the awarded shares as nominee of the selected employees and the selected employees shall not sell, transfer or otherwise dispose of or enter into agreement to sell, transfer or dispose of such awarded shares.

During the year ended 31 December 2016, a total of 5,804 award shares of the Company have been awarded to certain selected employees (including but not limited to directors, executives, officers and other employees, whether full-time or part-time, of any members of the Group) at no consideration.

The award shares shall vest upon the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited ("Vesting Date") and the selected employees must remain a director or an employee of the Company or its Subsidiaries as at the Vesting Date.

Vesting date	Outstanding at 7 March 2016	Movement during the year ended 31 December 2016 and the six months ended 30 June 2017			Outstanding at 31 December 2016 and 30 June 2017
		Awarded	Vested	Lapsed	
Upon completion of initial public offering of the shares of the Company on the Stock Exchange	–	5,804	–	–	5,804

There were no awarded shares granted, forfeited, vested or outstanding during the years ended 31 December 2014 and 2015.

The aggregate fair value of 5,804 award shares at the date of grant amounted to approximately HK\$900,000, of which nil was recognised as an expense in profit or loss for the year ended 31 December 2016 and the six months ended 30 June 2017.

31. Operating lease commitments

At the end of each reporting period, the commitments for future minimum lease payments under non-cancellable operating leases for rented premises fall due as follows:

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year . . .	7,808	7,813	5,287	8,221	3,309	2,225	1,600	1,247
In the second to fifth year inclusive	5,124	5,445	55	442	1,306	136	–	–
	<u>12,932</u>	<u>13,258</u>	<u>5,342</u>	<u>8,663</u>	<u>4,615</u>	<u>2,361</u>	<u>1,600</u>	<u>1,247</u>

Leases are negotiated for an average term of two years with fixed rentals over the terms of the leases.

32. Capital commitments

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	195,512	486,526	246,916	219,921	7,853	346,797	182,980	168,735

33. Retirement benefits scheme

The employees of the Company's subsidiaries in Hong Kong participate in a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") or a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Certain employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme remained with the ORSO Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income capped at HK\$1,250 per month before June 2014 or HK\$1,500 per month on or after June 2014. The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employees' basic salary. The pension costs charged to profit or loss represent contributions paid or payable to these funds by the Group at rates specified in the rules of these schemes.

The employees of the Company's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their employees' payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

At 31 December 2014, 2015, 2016 and 30 June 2017, there were no forfeited contributions available to offset future employers' contributions to the schemes.

34. Acquisition of a subsidiary

On 15 March 2017, the Group acquired 51% of the issued share capital of MC Marketing & Sales (Hong Kong) Limited from independent third parties for cash consideration of HK\$42,459,000. The amount of goodwill arising as a result of the acquisition was HK\$31,668,000. MC Marketing & Sales (Hong Kong) Limited is engaged in distribution of beverages, processed food and sauce products of a number of brands in Hong Kong and Macau. MC Marketing & Sales (Hong Kong) Limited was acquired so as to extend marketing network as well as product portfolio in Hong Kong and Macau.

Acquisition-related costs relating to the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

Assets and liabilities recognised on the date of acquisition are as follows:

	HK\$'000
Net assets recognised:	
Property, plant and equipment	186
Inventories	52,341
Trade and other receivables	55,856
Prepayments and deposits	1,322
Amount due from a former director	90
Tax recoverable	78
Bank balances and cash	21,183
Trade and other payables	(29,989)
Dividend payable	(4,310)
Amount due to a former fellow subsidiary	(75,467)
Amount due to former ultimate holding company	(133)
	<u>21,157</u>

The trade and other receivables and amount due from a former director acquired with an aggregate fair value of HK\$55,946,000 represents the gross contractual amounts at the date of acquisition.

Goodwill arising on acquisition:

	HK\$'000
Consideration transferred	42,459
Plus: non-controlling interest (49% in MC Marketing & Sales (Hong Kong) Limited)	10,366
Less: recognised amounts of net assets acquired	<u>(21,157)</u>
Goodwill arising on acquisition	<u>31,668</u>

The non-controlling interests recognised at the date of acquisition were measured by reference to the proportionate share of the recognised fair value of the net identifiable assets of MC Marketing & Sales (Hong Kong) Limited at the date of acquisition and amounted to HK\$10,366,000.

Goodwill arose in the acquisition of MC Marketing & Sales (Hong Kong) Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of MC Marketing & Sales (Hong Kong) Limited. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of MC Marketing & Sales (Hong Kong) Limited

	HK\$'000
Cash consideration paid	(42,459)
Less: cash and cash equivalents acquired	<u>21,183</u>
Net cash outflow on acquisition	<u>(21,276)</u>

Included in the profit for the period is HK\$2,082,000 attributable to the additional business generated by MC Marketing & Sales (Hong Kong) Limited. Revenue for the period includes HK\$144,983,000 generated from MC Marketing & Sales (Hong Kong) Limited.

Had the acquisition been completed on 1 January 2017, total group revenue for the six months ended 30 June 2017 would have been HK\$1,376,732,000, and profit for the six months ended 30 June 2017 would have been HK\$103,217,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

35. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the generation of profits from its operations. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with its capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

36. Financial instruments

(a) Categories of financial instruments

	THE GROUP				THE COMPANY			
	At 31 December		At 30 June		At 31 December		At 30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets								
Loans and receivables (including cash and cash equivalents)	1,848,005	2,511,088	1,771,095	1,800,514	555,495	1,272,202	530,217	419,382
Available-for-sale financial assets	634,664	31,814	38,669	34,457	629,124	26,273	33,128	28,916
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities								
Amortised cost	475,717	565,361	666,535	702,208	183,439	201,089	197,168	154,157
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Financial risk management objectives and policies

The risks associated with the financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group and the Company do not enter into or trade in derivative financial instruments either for hedging or speculative purposes.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which it manages and measures the risk during the Track Record Period.

(i) Currency risk

The Company and several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	THE GROUP							
	Assets				Liabilities			
	At 31 December		At 30 June		At 31 December		At 30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States Dollar ("US\$")	92,083	44,645	79,980	111,592	17,760	19,622	18,370	18,461
HK\$	3	180	5,426	5,739	1	1	1	-
Japanese Yen ("JPY").	7,432	9,751	902	472	6,788	6,348	7,588	11,534
Renminbi ("RMB").	371,854	962,486	300,552	313,988	50,828	96,978	102,637	84,640
Singapore Dollar ("SGD")	-	-	-	-	-	-	934	491

	THE COMPANY							
	Assets				Liabilities			
	At 31 December		At 30 June		At 31 December		At 30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	28,784	20,823	22,279	4,146	17,225	18,532	17,696	4,064
JPY	6,000	9,552	895	464	6,291	6,142	7,149	11,436
RMB	35,420	155,569	23,165	8,047	11,650	25,194	14,087	24,476

As HK\$ is currently pegged to US\$, the directors of the Company consider that the Group's exposure to fluctuation in HK\$ against US\$ is limited. The Group's and the Company's currency risk is mainly concentrated on the fluctuations of JPY, RMB and SGD against HK\$.

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currencies of the relevant group entities. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in profit for the year/period where the relevant foreign currencies strengthen 5% against the relevant functional currencies of the relevant group entities. For a 5% weakening of the relevant foreign currencies against the functional currencies of the relevant group entities, there would be an equal and opposite impact on the profit for the year/period.

	THE GROUP				THE COMPANY			
	Profit for the year/period ended				Profit for the year/period ended			
	31 December		30 June		31 December		30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
JPY against HK\$	27	142	(279)	(462)	(13)	142	(261)	(458)
RMB against HK\$	13,403	36,135	8,263	9,575	992	5,443	379	(686)
SGD against HK\$	-	-	(39)	(20)	-	-	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Track Record Period.

(ii) Interest rate risk

The Group and the Company are exposed to cash flow interest rate risk due to the fluctuation of prevailing market interest rate on bank deposits. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank deposits while the Company is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and loans to subsidiaries. The Group and the Company currently do not have interest rate hedging policy, however, the management monitors interest rate exposure on dynamic basis.

The directors of the Company consider that the overall interest rate risk is not significant as bank balances are all short term and interest rates are currently at low level with no significant changes are expected for the foreseeable future, accordingly, no sensitivity analysis is prepared in the Historical Financial Information.

(iii) Other price risk

The Group and the Company are mainly exposed to equity price risk as at 31 December 2015, 2016 and 30 June 2017 through its investments in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to listed equity price risks at 31 December 2015, 2016 and 30 June 2017.

If the prices of the respective equity instruments had been 20% higher, the Group's and the Company's investment valuation reserve for the years ended 31 December 2015, 2016 and the six months ended 30 June 2017 would increase by HK\$3,221,000, HK\$3,811,000 and HK\$2,969,000 respectively.

If the prices of the respective equity instruments had been 20% lower, the Group's and the Company's post tax profit for the years ended 31 December 2015, 2016 and the six months ended 30 June 2017 would decrease by HK\$3,221,000, HK\$3,811,000 and HK\$2,969,000 respectively.

Credit risk

The Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties arises from the carrying amounts of the respective financial assets.

In order to minimise the credit risk, the management of the Group and the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk are significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-standings.

The Company is exposed to concentration of credit risk on its amount due from a subsidiary and loans to subsidiaries. However, as the counterparty is a group company controlled by the Company, the directors of the Company consider the Company's credit risk in respect of such balance is insignificant.

The Group and the Company have no other significant concentration of credit risk, which exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	THE GROUP				THE COMPANY			
	Non-interest bearing				Non-interest bearing			
	At 31 December		At 30 June		At 31 December		At 30 June	
2014	2015	2016	2017	2014	2015	2016	2017	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Financial liabilities								
Repayable on demand or								
within 3 months	475,548	565,108	666,359	1,116,006	183,270	200,836	196,992	554,116
Over 3 months but less								
than 1 year	169	253	176	–	169	253	176	–
	<u>475,717</u>	<u>565,361</u>	<u>666,535</u>	<u>1,116,006</u>	<u>183,439</u>	<u>201,089</u>	<u>197,168</u>	<u>554,116</u>

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)
	At 31 December			At 30 June		
	2014	2015	2016	2017		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Listed equity securities classified as available-for-sale investments	–	16,105	19,055	14,843	Level 1	Quoted prices in an active market
Club debenture classified as available-for-sale investments	100	100	100	100	Level 2	Quoted prices in a secondary market for identical assets

There were no transfers between Level 1 and 2 during the Track Record Period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their corresponding fair values.

The fair values of the financial assets and financial liabilities above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

37. Related party disclosures

Apart from the balances with related parties as disclosed in the consolidated statements of financial position and note 25 and 27, the Group has entered into the following transactions with its related parties:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
<u>Ultimate holding company</u>					
Management fee received	141	161	207	95	114
Outsourcing manufacturing and procurement of finished goods	418	339	2,098	272	3,647
Purchase of raw materials	37,030	28,828	32,262	15,541	18,537
Purchase of equipment and parts	1,029	698	3,570	2,374	3,495
Rental income received	58	19	19	9	9
Repair and maintenance cost	3	–	–	–	–
Royalty charges paid (Note).	19,198	18,444	14,333	7,137	6,504
Sales of raw materials and finished goods . .	2	–	–	–	–
Software license fee	–	–	–	–	239

Note: The amount represents royalty paid to ultimate holding company for the rights to use certain trademarks and technical know-how in connection with the manufacturing and sales of certain licensed products which is calculated at certain percentage on the net sales of these licensed products.

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
<u>Fellow subsidiaries</u>					
Food testing fee	2,175	4,789	5,000	2,732	2,124
Outsourcing manufacturing and procurement of finished goods	6,406	5,606	30,786	14,374	17,021
Purchase of raw materials	44	223	3,068	985	1,258
Sales of raw materials and finished goods . .	8,103	7,533	12,366	7,043	9,790
Sales of machinery	–	1,820	–	–	–
<u>Non-controlling shareholder of a subsidiary</u>					
Management fee paid	–	–	–	–	267

The compensation to key management personnel consist mainly of directors' emoluments as disclosed in notes 10 and 11.

38. Particulars of the non-wholly owned subsidiaries of the Company

The table below shows details of non-wholly owned subsidiaries of the Company:

Name of subsidiaries	Proportion of equity interest held by non-controlling shareholders				Profit (loss) allocated to non-controlling shareholders					Accumulated non-controlling interests			
	At 31 December		At 30 June		Year ended 31 December			Six months ended 30 June		At 31 December		At 30 June	
	2014	2015	2016	2017	2014	2015	2016	2016	2017	2014	2015	2016	2017
					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)								
Zhuhai Golden Coast Winner Food Products Limited	29.55%	29.55%	29.55%	29.55%	13,898	14,885	16,325	8,647	9,574	79,426	81,709	82,267	81,921
Winner Food	–	–	–	–	10,566	–	–	–	–	–	–	–	–
Nissin Koikeya Foods (China & HK) Co., Limited	34%	34%	34%	34%	(1,191)	25	65	(299)	343	2,209	2,234	2,299	2,643
MC Marketing & Sales (Hong Kong) Limited	–	–	–	49%	–	–	–	–	1,020	–	–	–	11,386
					23,273	14,910	16,390	8,348	10,937	81,635	83,943	84,566	95,950

Information on non-wholly owned subsidiaries with material non-controlling interests

Summarised financial information in respect of Zhuhai Golden Coast Winner Food Products Limited is set out below. The summarised financial information below represents amounts before intragroup eliminations prepared under HKFRSs:

	At 31 December			At 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	86,989	92,410	93,789	121,426
Current assets	265,162	274,005	286,161	283,635
Current liabilities	(83,366)	(89,903)	(101,550)	(127,831)
	268,785	276,512	278,400	277,230
Equity attributable to owners of the Company	189,359	194,803	196,133	195,309
Equity attributable to non-controlling interests	79,426	81,709	82,267	81,921
	268,785	276,512	278,400	277,230

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	411,794	431,910	454,300	(unaudited) 233,697	235,461
Profit for the year/period	47,034	50,372	55,243	29,262	32,398
Other comprehensive (expense) income for the year/period	(583)	(17,578)	(19,818)	(5,909)	9,063
Total comprehensive income for the year/period	46,451	32,794	35,425	23,353	41,461
Profit for the year/period attributable to:					
– owners of the Company	33,136	35,487	38,918	20,615	22,824
– non-controlling interests	13,898	14,885	16,325	8,647	9,574
	47,034	50,372	55,243	29,262	32,398
Total comprehensive income for the year/period attributable to:					
– owners of the Company	32,725	23,103	24,957	16,452	29,209
– non-controlling interests	13,726	9,691	10,468	6,901	12,252
	46,451	32,794	35,425	23,353	41,461
Dividend paid to non-controlling interests.	2,997	7,407	9,911	9,911	12,597
Net cash from operating activities	51,519	60,716	48,866	18,770	30,964
Net cash used in investing activities	(3,214)	(18,478)	(15,639)	(5,702)	(26,854)
Net cash used in financing activities	(13,138)	(32,473)	(33,538)	(33,538)	–
Net cash inflow (outflow)	35,167	9,765	(311)	(20,470)	4,110

39. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash from financing activities.

	Amount due to a non-controlling shareholder of a subsidiary	Dividend payable	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	177	–	177
Financing cash flows	(177)	(27,957)	(28,134)
Dividends declared	–	27,957	27,957
At 31 December 2014	–	–	–
Financing cash flows	–	(7,407)	(7,407)
Dividends declared	–	7,407	7,407
At 31 December 2015	–	–	–
Financing cash flows	–	(540,000)	(540,000)
Dividends declared	–	549,911	549,911
At 31 December 2016	–	9,911	9,911
Financing cash flows	–	(9,911)	(9,911)
Dividends declared	–	412,606	412,606
At 30 June 2017	–	412,606	412,606
Unaudited			
At 1 January 2016	–	–	–
Financing cash flows	–	(540,000)	(540,000)
Dividends declared	–	549,911	549,911
At 30 June 2016	–	9,911	9,911

40. Events after the reporting period

No significant events took place subsequent to 30 June 2017.

41. Directors' remuneration

Under the arrangement presently in force, the aggregate amount of directors' remunerations (excluding discretionary bonus, if any) for the year ending 31 December 2017 is estimated to be approximately HK\$8,600,000.

42. Subsequent financial statements

No audited financial statements have been prepared for any of the companies comprising the Group subsequent to 30 June 2017.

The information set out in this appendix does not form part of the accountants' report prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of the Group as if the Global Offering had taken place on 30 June 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at 30 June 2017 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 as derived from the consolidated statement of financial position of the Group as at 30 June 2017 as set out in the accountants' report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share
	HK\$'000	HK\$'000	HK\$'000	HK\$
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>
Based on a minimum Offer Price of HK\$3.45 per Offer Share	2,285,521	880,785	3,166,306	2.95
Based on a maximum Offer Price of HK\$4.21 per Offer Share	2,285,521	1,079,803	3,365,324	3.13

Notes:

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 is arrived at after deducting goodwill and trademark of HK\$40,082,000 and HK\$33,118,000, respectively, from the audited consolidated net assets of HK\$2,358,721,000 attributable to owners of the Company as at 30 June 2017, as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering is based on 268,580,000 shares to be issued at a minimum Offer Price of HK\$3.45 or a maximum Offer Price of HK\$4.21 per Offer Share, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group subsequent to 30 June 2017 and does not take into account of any Offer Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any shares which may be issued and allotted pursuant to the Share Award Scheme, or any shares which may be issued or repurchased pursuant to the Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived on the basis of 1,073,791,480 shares assumed to be in issue, assuming that the Share Subdivision and 268,580,000 shares to be issued pursuant to the Global Offering had been completed on 30 June 2017. It does not take into account of any Offer Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any shares which may be issued and allotted pursuant to the Share Award Scheme, or any shares which may be issued or repurchased pursuant to the Company's general mandate.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading result or other transactions of the Group entering into subsequent to 30 June 2017.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information*****To the Directors of Nissin Foods Company Limited***

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Nissin Foods Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 29 November 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the global offering on the Group's financial position as at 30 June 2017 as if the global offering had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2016 and the six months ended 30 June 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong,
29 November 2017

ARTICLES OF ASSOCIATION

The Articles of Association were conditionally adopted on 21 November 2017 with effect from the Listing Date.

The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, other ordinances, subsidiary legislation and the Listing Rules.

CHANGES IN CAPITAL

The Company may exercise any powers conferred or permitted by the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any other ordinances from time to time to purchase or otherwise acquire its own Shares (including any redeemable Shares), or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares in the Company and should the Company purchase or otherwise acquire its own Shares, neither the Company nor the Directors shall be required to select the Shares to be purchased or otherwise acquired rateably or in any other particular manner as between the holders of Shares of the same class or as between them and the holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of Shares provided always that, (i) purchases not made through the market or by tender shall be limited to a maximum price; and (ii) if purchases are by tender, tenders shall be available to all Shareholders alike and provided further that any such purchase or other acquisition or financial assistance shall only be made or given in accordance with any relevant rules or regulations issued by the Stock Exchange, the SFC or the relevant regulators or authorities from time to time in force.

The Company may from time to time by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Companies Ordinance, including but not limited to:

- (1) increasing its share capital by allotting and issuing new shares in accordance with the Companies Ordinance;
- (2) increasing its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of the Company;
- (3) capitalising its profits, with or without allotting and issuing new shares;
- (4) allotting and issuing bonus shares with or without increasing its share capital;
- (5) converting all or any of its share into a larger or smaller number of existing shares;
- (6) dividing its shares into several classes and attaching thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (7) cancelling shares:
 - (i) that, at the date of the passing of the resolution for cancellation, have not been taken or agreed to be taken by any person; or

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (ii) that have been forfeited; or

- (8) making provision for the issue and allotment of shares which do not carry any voting rights.

Subject to the provisions of the Companies Ordinance and these Articles, the Shares in the Company shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons and on such terms as the Directors think fit.

The Company may by special resolution reduce its share capital in any manner and with, and subject to, any incident authorized, and consent required by law.

VARIATION OF RIGHTS

Subject to the provisions of the Companies Ordinance, if at any time the capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, either while the Company is a going concern or during or in contemplation of a winding-up, either with the consent in writing of the holders of three-quarters of the total voting rights of holders of shares in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. To every such separate meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum at such meeting (other than an adjourned meeting) shall be no less than two persons together holding or representing by proxy one-third in the total voting rights of the issued shares of the class in question and at any adjourned meeting two persons holding shares of that class or by proxy (whatever the number of shares held by them), and that any holder of shares of the class present in person or by proxy may demand a poll.

TRANSFERS OF SHARES

The instrument of transfer of any Shares shall be in writing and in any usual form or in any other form which the Directors approve and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. If the transferor or transferee is a recognised clearing house or its nominee, the instrument of transfer shall be executed by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time. The transferor shall be deemed to remain the holder of the Shares concerned until the name of the transferee is entered in the register in respect thereof.

The Directors may, in their absolute discretion, refuse to register the transfer of a Share which is not fully paid. They may also refuse to register a transfer of a Share unless the instrument of transfer:

- is lodged, duly stamped, at the Company's registered office or at such other place as the Directors may appoint and is accompanied by the certificate for the Shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and a fee as permitted under the rules prescribed by the Stock Exchange;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- is in respect of only one class of Shares;
- is in favor of not more than four transferees;
- the Shares concerned are free of any lien in favor of the Company; and
- such other conditions as the Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied.

If the Directors refuse to register a transfer of a Share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal in accordance with the Companies Ordinance.

No transfer may be made to an infant or to a person of unsound mind or under other legal disability.

GENERAL MEETINGS

The Company shall, in respect of each financial year of the Company, hold a general meeting as its annual general meeting in accordance with the requirements of the Companies Ordinance in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. All general meetings other than annual general meetings shall be called extraordinary general meetings.

The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default, may be convened by such requisitionists, as provided by the Companies Ordinance.

NOTICE OF GENERAL MEETINGS

Subject to the provisions of the Companies Ordinance, an annual general meeting shall be called by notice in writing of at least twenty-one clear days (or such longer period as may be required by the Listing Rules), and an extraordinary general meeting shall be called by notice in writing of at least fourteen clear days (or such longer period as may be required by the Listing Rules), shall be given in the manner mentioned in these Articles to all members, to the Directors and to the auditors. The notice shall specify the place, the day and the time of meeting (and if the meeting is to be held in 2 or more places, the principal place of the meeting and the other place or places of the meeting) and, in the case of special business the general nature of such business, and in the case of an annual general meeting shall specify the meeting as such. If a resolution (whether or not a special resolution) is intended to be moved at the meeting, the notice must include a notice of the resolution, and include or be accompanied by a statement containing any information or explanation that is reasonably necessary to indicate the purpose of the resolution. Notice of a general meeting shall be given to such persons as are, under these Articles, entitled to receive such notices from the Company. For notice of a general meeting, there shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

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Subject to the provisions of the Companies Ordinance, a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in these Articles, be deemed to have been duly called if it so agreed: (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent of the total voting rights at the meeting of all the members.

The accidental omission to give notice of a meeting or a resolution intended to be moved at a general meeting to, or the non-receipt of notice of a meeting or a resolution intended to be moved at a general meeting by, any person entitled to receive notice shall not invalidate any resolution(s) passed or the proceedings at that meeting. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution(s) passed or the proceedings at that meeting.

VOTING AT GENERAL MEETINGS

Subject to any rights or restrictions attached to any Shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative at any general meeting shall have one vote only, and on a poll every member shall have one vote for every fully paid-up Shares of which he is the holder.

On a poll votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorised representative.

A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

If a recognised clearing house (or its nominee) is a member of the Company, it (or, as the case may be, its nominee) may authorise such person or persons as it thinks fit to act as its proxy or proxies or its representative or representatives at any meeting of the Company or at any meeting of any class of member of the Company provided that, if more than one person is so authorised, the instrument of proxy or authorisation shall specify the number and class of Shares in respect of which each such person is so authorized. A person so authorized under the provisions of these Articles shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise as if such person were an individual member of the Company, and where a show of hands is allowed, each such person shall be entitled to a separate vote.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

QUALIFICATIONS OF DIRECTORS

A Director shall not require a share qualification.

BORROWING POWERS

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and, in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT

At each annual general meeting, one-third of the Directors (including the managing director(s)) or, if their number is not three or a multiple of three, the number which is nearest to and is at least one-third, shall retire from office by rotation. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, and may also determine the rotation in which any additional Directors are to retire. The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed as the maximum number of Directors. A Director so appointed shall retire at the next following annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

DIRECTORS' REMUNERATION AND EXPENSES

The Directors are entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Company in a general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Directors may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.

The Directors may also be entitled to all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of their duties as Directors.

The Directors, or a committee of the Directors, may reward special remuneration (by way of bonus, commission, participation in profits or otherwise as the Directors, or a committee of the Directors, may determine) to any Director who performs services which the Directors consider go

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beyond the ordinary duties of a Director. In particular, the Directors, or a committee of the Directors may fix the remuneration, which may be by way of salary, bonus, commission, participation in profits or otherwise and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances of a managing director, joint managing director, deputy managing director or other executive director or a Director appointed to any other office in the management of the Company. Such remuneration shall be in addition to his remuneration as a Director.

DIRECTORS' INTERESTS

No Director or intended Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such transaction, arrangement or contract, or any transaction, arrangement or contract entered into by or on behalf of the Company in which any Director (including his connected entities) is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such transaction, arrangement or contract by reason of such Director holding that office or of the fiduciary relation thereby established, provided that such Director shall disclose the nature and extent of his (including his connected entities) interest in any transaction, arrangement or contract in which he is interested as required by and subject to the provisions of the Companies Ordinance.

A Director and his alternate shall not vote (nor shall be counted in the quorum) at a meeting of the Directors on any resolution approving any transaction, contract or arrangement or concerning a matter in which he or any of his close associates has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company), unless his interest arises only because the case falls within one or more of the following sub-paragraphs:

- the resolution relates to the giving to him or his close associates of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him or any of them at the request of or for the benefit of, the Company or any of its subsidiaries;
- the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the Director or his close associates has/have himself/themselves assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- his interest arises by virtue of his or his close associates being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of or by the Company or any other corporation which the Company may promote or be interested in subscription, purchase or exchange;
- the resolution relates to an arrangement for the benefit of the employees of the Company or any of its subsidiaries, including but without being limited to the adoption, modification or operation of any pension fund, or retirement, death or disability benefit

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scheme, which relates to both Directors, his close associates and employees of the Company or any of its subsidiaries and does not accord to any Director or his close associates as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates;

- any transaction, contract or arrangement in which the Director or his close associates is/are interested in the same manner as other holders of Shares or debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities of the Company; or
- the resolution relates to an arrangement concerning the adoption, modification or operation of any employee's share scheme, share incentive scheme or share option scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or his close associates may benefit.

A Director may hold any other office or place of profit under the Company (other than the office of auditor) and he or any firm which he is a member may act in a professional capacity for the Company (other than as auditor) in conjunction with his office of Director for such period and upon such terms (as to remuneration or otherwise), as the Directors may determine. A Director may continue to be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and subject to the Companies Ordinance, no such director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favor of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) and any Director may vote in favor of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

DIVIDENDS

The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Directors. No dividend shall be payable except out of the profits or other distributable reserves of the Company available for distribution.

Except as otherwise provided by these Articles or the rights attached to Shares or the terms of issue thereof, all dividends shall be declared and paid according to the amounts paid up on the Shares on which the dividend is paid. If any Share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case (and except as aforesaid), dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of these Articles, an amount paid up on a Share in advance of a call shall be treated, in relation to any dividend declared after the payment but before the call, as not paid up on the Share.

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The Company may retain any dividends or other moneys payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise in relation to the Shares of the Company.

Whenever the Directors or the Company have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve either: (a) that such dividend be satisfied wholly or in part in the form of an allotment of Shares credited as fully paid up on the basis that the Shares so allotted shall be of the same class or classes as the class or classes already held by the members entitled thereto, provided that these members will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that members entitled to such dividend shall be entitled to elect to receive an allotment of Shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared, the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other corporation to which the Company is entitled, or in any one or more of such ways, with or without offering any rights to members to elect to receive such dividend in cash, and where any difficulty arises in regard to the distribution the Directors may settle the same as they think expedient, and in particular may issue fractional certificates, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the members concerned, and may vest any such specific assets in trustees as may seem expedient to the Directors and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective.

Any dividend unclaimed for one year after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend which has remained unclaimed for six years after having become payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

INDEMNITY

Subject to the provisions of the Companies Ordinance, but without prejudice to any indemnity to which a Director may otherwise be entitled every Director, former Director, responsible person, officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability, loss or expenditure incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, former Director, responsible person, officer or auditor of the Company.

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Subject to the provisions of the Companies Ordinance, the Directors may exercise all the powers of the Company to purchase and maintain insurance, at the expense of the Company, for the benefit of a person who is a Director, alternate Director, manager, secretary and responsible person of the Company or of an associated company of the Company and the auditors for the purpose of indemnifying such persons and keeping them indemnified against liability for negligence, default, breach of duty or breach of trust (except for fraud) or other liability which may lawfully be insured against by the Company or associated company (as the case may be) and any liability which may be incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or an associated company (as the case may be).

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in Hong Kong under the Companies Ordinance as a company limited by shares on 19 October 1984. Our Company's registered office is at 21-23 Dai Shing Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.

A summary of various provisions of its Articles of Association and relevant aspects of the Companies Ordinance is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation, the authorised share capital of our Company was HK\$25,000,000 divided into 250,000 Shares and two subscriber Shares were allotted and issued to Dapatlaw Limited and Dapatlaw Nominees Limited on 12 October 1984.
- (b) Pursuant to the resolutions passed at the Shareholders meeting held on 31 January 1985, our Company allotted and issued 129,998 ordinary Shares to Nissin Japan credited as fully paid.
- (c) Pursuant to the resolutions passed at the Shareholders meeting held on 1 October 1985, our Company allotted and issued 50,000 ordinary Shares to Nissin Japan credited as fully paid.
- (d) Pursuant to the resolutions passed at the Shareholders meeting held on 15 October 1986, our Company allotted and issued 70,000 ordinary Shares to Nissin Japan credited as fully paid.
- (e) Pursuant to the resolutions passed at the Shareholders meeting held on 21 March 1987, the authorised share capital of our Company was increased from HK\$25,000,000 to HK\$40,000,000 by the creation of an additional 150,000 Shares. On the same date, our Company allotted and issued 25,000 ordinary Shares to Nissin Japan.
- (f) Pursuant to the resolutions passed at the Shareholders meeting held on 10 September 1987, the authorised share capital of our Company was increased from HK\$40,000,000 to HK\$50,000,000 by the creation of an additional 100,000 Shares. On the same date, our Company allotted and issued 200,000 ordinary Shares to Nissin Japan.
- (g) Pursuant to the resolutions passed at the Shareholders meeting held on 10 May 1990, the authorised share capital of our Company was increased from HK\$50,000,000 to HK\$62,000,000 by the creation of an additional 120,000 Shares. On the same date, our Company allotted and issued 144,000 ordinary Shares to Nissin Japan.
- (h) Pursuant to the resolutions passed at the Shareholders meeting held on 30 June 2004, the authorised share capital of our Company was increased from HK\$62,000,000 to HK\$1,530,000,000 by the creation of an additional 14,680,000 Shares. Pursuant to the resolutions passed at the Board meeting held on the same date, our Company allotted and issued 4,399,200 ordinary Shares to Nissin Japan.

- (i) Pursuant to the resolutions passed at the Shareholders meeting held on 30 June 2004 and the resolutions passed at the Board meeting held on 18 October 2004, our Company allotted and issued 733,200 ordinary Shares to Nissin Japan credited as fully paid.
- (j) Pursuant to the resolutions passed at the Shareholders meeting held on 10 May 2006 and the resolutions passed at the Board meeting held on 12 May 2006, our Company allotted and issued 964,600 ordinary Shares to Nissin Japan credited as fully paid.
- (k) Pursuant to the resolutions passed at the Shareholders meeting held on 1 January 2014 and the resolutions passed at the Board meeting held on 1 January 2014, our Company allotted and issued 4,552,990 ordinary Shares to Nissin Japan credited as fully paid.
- (l) Pursuant to the resolutions passed at the Shareholders meeting held on 1 January 2014 and the resolutions passed at the Board meeting held on 20 March 2014, our Company allotted and issued 5,480,880 ordinary Shares to Nissin Japan credited as fully paid.
- (m) Pursuant to the resolutions passed at the Shareholders meeting held on 25 March 2014 and the resolutions passed at the Board meeting held on 8 January 2015, our Company allotted and issued 1,772,930 ordinary Shares to Nissin Japan credited as fully paid.
- (n) Pursuant to the resolutions passed at the Shareholders meeting held on 15 January 2015 and the resolutions passed at the Board meeting held on 15 February 2015, our Company allotted and issued 1,323,650 ordinary Shares to Nissin Japan credited as fully paid.
- (o) Pursuant to the written resolutions of the Shareholders and the Board of Directors passed on 18 February 2016, our Company allotted and issued 283,837 ordinary Shares to Mr. Kiyotaka Ando credited as fully paid.
- (p) Pursuant to the written resolutions of the Shareholders passed on 7 March 2016 and the resolutions passed at the Board meeting held on 7 March 2016, our Company allotted and issued 13,200 ordinary Shares to the Trustee credited as fully paid, for the purpose of the Share Award Scheme.
- (q) Pursuant to the written resolutions of the Shareholders passed on 21 November 2017, the total number of 20,143,487 issued Shares of our Company was subdivided into 805,739,480 Shares.
- (r) Other than pursuant to the Global Offering, the exercise of the Over-allotment Option and the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of the Shareholders” in this appendix, our Company does not have any present intention to issue any new Shares of our Company and, without prior approval of the Shareholders in a general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (s) Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Changes in share capital of our subsidiaries

There has been no alteration on the share capitals (or registered capitals, as the case may be) of our subsidiaries in the two years preceding the date of this prospectus.

4. Written resolutions of our Shareholders

On 21 November 2017, resolutions in writing were passed by the existing Shareholders unanimously pursuant to which, among other things:

- (a) conditional upon the listing of the Shares on the Stock Exchange, our Company approved and adopted the Articles of Association, the terms of which are summarised in Appendix III to this prospectus, with effect from the Listing Date;
- (b) conditional on (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be issued pursuant to the Global Offering (including any Shares which may be issued upon the exercise of the Over-allotment Option); (ii) our Company having submitted to the HKSCC all requisite documents to enable the Shares to be admitted to trade on the Stock Exchange; (iii) the execution and delivery of the Underwriting Agreements and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, and in any event before the date falling 30 days after the date of this prospectus:
 - (A) the Global Offering was approved and our Directors were authorised to allot and issue the Offer Shares, to rank pari passu with the existing Shares in all respects, pursuant to the Global Offering;
 - (B) the grant of the Over-allotment Option was approved and our Directors were authorised to allot and issue up to 40,287,000 additional Shares pursuant to the exercise of the Over-allotment Option, to rank pari passu with the existing Shares in all respects.

- (c) conditional upon the fulfilment of the conditions stated in the section headed “Structure and Conditions of the Global Offering – Conditions of the Global Offering” in this prospectus, a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or any scrip dividend scheme or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the Global Offering, Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes, securities or debentures convertible into Shares) which may require the exercise of such power, with an aggregate nominal value not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Subdivision and the Global Offering (without taking into account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Ordinance to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;
- (d) conditional upon the fulfilment of the conditions stated in the section headed “Structure and Conditions of the Global Offering – Conditions of the Global Offering” in this prospectus, a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase on Main Board or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Subdivision and the Global Offering (without taking into account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Ordinance to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;

- (e) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of such number of Shares representing the aggregate number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended number shall not exceed 10.0% of the total number of Shares in issue immediately following completion of the Share Subdivision and the Global Offering (without taking into account Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

5. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in this prospectus.

Diagrams showing our Group structure after the Reorganisation and the Global Offering, but without taking into account of Shares that may be allotted and issued under the Over-allotment Option, are set out in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in this prospectus.

6. Repurchase of our Shares

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) Provisions of the Main Board Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board to repurchase their securities on the Main Board subject to certain restrictions, a summary of which is set out below:

(i) Shareholders’ approval

The Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on the Main Board must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction^(Note).

Note: Pursuant to the written resolutions passed by the Shareholders on 21 November 2017, a general mandate (the “Repurchase Mandate”) was granted to the Directors authorising them to exercise all powers of our Company to repurchase on the Main Board or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Subdivision and the Global Offering (without taking into account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Ordinance or any other applicable laws of Hong Kong to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(ii) Source of Funds

Any repurchase by our Company must be funded out of funds legally available for such purpose in accordance with the Articles, the applicable laws of Hong Kong and the Listing Rules. Our Company may not repurchase its own Shares on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Main Board from a “core connected person” (as defined in the Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or an associate of any of them and a core connected person shall not knowingly sell Shares to our Company on the Main Board.

(b) Exercise of the Repurchase Mandate

On the basis of 1,074,319,480 Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Directors would be authorised under the Repurchase Mandate to repurchase up to 107,431,948 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its Shareholders for the Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company’s net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of Hong Kong.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(e) General

None of our Directors nor to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable law and regulations from time to time in force in Hong Kong.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code"). In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25.0% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules). No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

- (a) the agreement dated 18 February 2016 entered into between our Company as issuer and Ando Kiyotaka as subscriber in relation to the subscription of 283,837 new ordinary shares of our Company at an aggregate subscription price of HK\$43,994,735;
- (b) the share sale and purchase agreement dated 28 December 2016 entered into between our Company as purchaser, Mitsubishi Corporation and Mitsubishi Corporation (Hong Kong) Limited as vendors in relation to the sale and purchase of 51% issued share capital in MC Marketing & Sales (Hong Kong) Limited at a consideration of HK\$42,458,934;
- (c) the Technology and Trademark Licencing Agreement;
- (d) the Deed of Non-competition;
- (e) the cornerstone investment agreement dated 23 November 2017 between the Company, ITOCHU Corporation and Nomura International (Hong Kong) Limited whereby ITOCHU Corporation agreed to subscribe at the Offer Price for such number of Offer Shares rounded down to the nearest whole board lot of 1,000 Shares which may be purchased with an aggregate amount of JPY500,000,000;
- (f) the cornerstone investment agreement dated 23 November 2017 between the Company, Kagome Co., Ltd., Nomura International (Hong Kong) Limited and Mizuho Securities Asia Limited whereby Kagome Co., Ltd. agreed to subscribe at the Offer Price for such number of Offer Shares rounded down to the nearest whole board lot of 1,000 Shares which may be purchased with an aggregate amount of HK\$46,000,000;
- (g) the cornerstone investment agreement dated 23 November 2017 between the Company, Matsui Miso Limited and Nomura International (Hong Kong) Limited whereby Matsui Miso Limited agreed to subscribe at the Offer Price for 10,744,000 Offer Shares;
- (h) the cornerstone investment agreement dated 23 November 2017 between the Company, Mitsubishi Corporation and Nomura International (Hong Kong) Limited whereby Mitsubishi Corporation agreed to subscribe at the Offer Price, such number of Offer Shares rounded down to the nearest whole board lot of 1,000 Shares which may be purchased with an aggregate amount of JPY300,000,000 less the related brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%;
- (i) the cornerstone investment agreement dated 23 November 2017 between the Company, Snow Lake China Master Fund, Ltd. and Nomura International (Hong Kong) Limited whereby Snow Lake China Master Fund, Ltd. agreed to subscribe at the Offer Price for 8,993,000 Offer Shares;










- (j) the cornerstone investment agreement dated 23 November 2017 between the Company, Snow Lake China Master Long Fund, Ltd. and Nomura International (Hong Kong) Limited whereby Snow Lake China Master Long Fund, Ltd. agreed to subscribe at the Offer Price for 1,751,000 Offer Shares;
- (k) the cornerstone investment agreement dated 23 November 2017 between the Company, Yau Shing Hong Provisions Limited and Nomura International (Hong Kong) Limited whereby Yau Shing Hong Provisions Limited agreed to subscribe at the Offer Price for 5,371,000 Offer Shares;
- (l) the cornerstone investment agreement dated 23 November 2017 between the Company, Yeo Hiap Seng Limited and Nomura International (Hong Kong) Limited whereby Yeo Hiap Seng Limited agreed to subscribe at the Offer Price for 16,115,000 Offer Shares; and
- (m) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks













- (i) As at the Latest Practicable Date, our Group had registered the following trademarks which are material in relation to our business:

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	Hong Kong	Winner Food	29, 30	19690145 and 19690146	27 March 2027
	Hong Kong	Winner Food	29, 30, 32, 35, 39 and 42	19700129, 19700130, 19800478, 199607803, 199400501 and 199500764	24 June 2024, 24 June 2024, 16 February 2022, 23 April 2024, 2 March 2023 and 2 March 2023
	Hong Kong	Winner Food	30	199510203	2 November 2022
	Hong Kong	Winner Food	30	301346526	19 May 2019
	Hong Kong	Winner Food	30	301421351	6 September 2019
	Hong Kong	Winner Food	30	301559610	9 March 2020
	Hong Kong	Winner Food	30	301559638	9 March 2020

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Winner Food	29 and 30	224183 and 222355	14 April 2025 and 14 March 2025
	PRC	Winner Food	30	1306285	20 August 2019
	New Zealand	Winner Food	30	156858	5 February 2026
	New Zealand	Winner Food	29	129253	21 August 2024
	New Zealand	Winner Food	29 and 30	141102 and 141103	12 March 2027 and 12 March 2027
	Australia	Winner Food	29 and 30	A303070 and A303071	14 December 2027 and 14 December 2027
	Canada	Winner Food	30	TMA183, 561	2 June 2032
	Canada	Winner Food	30	TMA183, 562	2 June 2032
	Germany	Winner Food	29, 30	39527427	31 July 2025
	Indonesia	Winner Food	30 and 31	IDM000222467 and IDM00222468	14 August 2019 and 14 August 2019
	Korea	Winner Food	1, 31, 30	243226	13 July 2022

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	Macau	Winner Food	29, 30, 31 and 32	P/008936 (8664M), P/008937 (8665M), P/008938 (8666M) and P/008939 (8667M)	1 June 2024, 25 May 2024, 25 May 2024 and 25 May 2024
	PRC	Winner Food	30, 32 and 39	224184, 222354 and 778838	14 April 2025, 14 March 2025 and 27 February 2025
	PRC	Winner Food	30	4731078	27 June 2020
公仔米粉	PRC	Winner Food	30	7407117	27 October 2020
公仔麵	PRC	Winner Food	30	7439678	20 January 2021
公仔面	PRC	Winner Food and Gangyongnan	30	7407084	17 January 2020
	Taiwan	Winner Food	31	92198	30 September 2027
	United Kingdom	Winner Food	29 and 30	958526 and 958527	21 April 2025 and 21 April 2025
	United States	Winner Food	29, 30	1472510	11 January 2018 <i>(Note)</i>
	Macau	Winner Food	29	N/118034 (899)	12 June 2024
	Macau	Winner Food	29	N/118033 (435)	12 June 2024

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	Hong Kong	the Company	30	19751118	16 April 2020
FUKU	Hong Kong	the Company	29 and 30	199800719 and 199800720	3 March 2024 and 3 March 2024
	Hong Kong	the Company	29	200014341	26 July 2020
	Hong Kong	the Company	30	302626399	2 June 2023
	Hong Kong	the Company	29, 30, 32	302945557	31 March 2024
	Australia	the Company	30	645965	15 November 2024
	PRC	the Company	30	14339297	20 May 2025
FUKU	PRC	the Company	29	4842936	27 April 2018 ^(Note)
FUKU	PRC	the Company	30	1384602	13 April 2020

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	the Company	29 and 30	4842830 and 360552	27 October 2020 and 9 September 2019
	Hong Kong	the Company	30	303851514	26 July 2026
	Macau	the Company	30	N/115406	27 February 2024
	Hong Kong	the Company	30	303851505	26 July 2026
	Macau	the Company	30	N/115407	27 February 2024
	Macau	the Company	30	N/117360	26 April 2024
	Hong Kong	the Company	30	303956310	7 November 2026
	Hong Kong	Winner Food	30	304043727	9 February 2027
	Macau	Winner Food	30	N/120142	21 July 2024
	PRC	Winner Food	30	18628489	27 January 2027
	PRC	Winner Food	30	18628556	27 January 2027
	PRC	Zhuhai Winner	30	8054082	13 February 2021


APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Zhuhai Winner	30	8054092	13 February 2021
	PRC	Zhuhai Winner	30	8054062	13 February 2021
	PRC	Zhuhai Winner	30	8054104	13 February 2021
	PRC	Zhuhai Winner	30	8054075	20 April 2024
	PRC	Zhuhai Winner	30	8054108	13 August 2025
	PRC	Zhuhai Winner	30	15255909	13 October 2025
	Hong Kong	Nissin Koikeya Foods	29	302686104	25 July 2023
	Hong Kong	Nissin Koikeya Foods	29	302804210	14 November 2023
	Macau	Nissin Koikeya Foods	29	N/81352	26 May 2021
	Macau	Nissin Koikeya Foods	29	N/81351	26 May 2021

Note: As of the Latest Practicable Date, application for renewal of the trademark was in progress.

- (ii) As at the Latest Practicable Date, our Group had applied for the registration of the following trademarks which are material in relation to our business:

Trademark	Place of Application	Applicant	Class	Application Number
	Canada	The Company	30	1789191

- (iii) As at the Latest Practicable Date, our Company had been licensed by Nissin Japan with the rights to use the following trademarks which are material in relation to our business:

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)/ Application Number	Expiry Date(s)
A. 	Hong Kong	Nissin Japan	30	303281030	N/A
B. 					
	Hong Kong	Nissin Japan	29 and 30	303364074, 303464082	N/A
	Hong Kong	Nissin Japan	30	19810084	2 January 2025
	Hong Kong	Nissin Japan	30	19851728	12 September 2025
	Hong Kong	Nissin Japan	30	200109731	9 September 2026
	Hong Kong	Nissin Japan	29 and 30	200111680 and 199911609	23 January 2028 and 2 April 2024
	Hong Kong	Nissin Japan	30	300031832	11 June 2023

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)/ Application Number	Expiry Date(s)
	Hong Kong	Nissin Japan	29, 30	300074295	4 September 2023
	Hong Kong	Nissin Japan	29 and 30	300264014 and 300033399	5 August 2024 and 15 June 2023
	Hong Kong	Nissin Japan	29 and 30	300264023 and 300022652	5 August 2024 and 21 May 2023
	Hong Kong	Nissin Japan	30	300444898	22 June 2025
	Hong Kong	Nissin Japan	29, 30	302797138	N/A
	Hong Kong	Nissin Japan	29, 30	302797156	N/A
	Macau	Nissin Japan	30	N32675(748)	23 June 2022
	Macau	Nissin Japan	30	N/49726(255)	27 September 2024

- (iv) As at the Latest Practicable Date, Shanghai Nissin had been licensed by Nissin Japan with the rights to use the following trademarks which are material in relation to our business:

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	3033477	13 February 2025
	PRC	Nissin Japan	30	3619335	6 March 2025
	PRC	Nissin Japan	30	1149151	6 February 2018 <i>(Note)</i>
	PRC	Nissin Japan	30	4556552	27 May 2018
	PRC	Nissin Japan	30	5505098	13 June 2019
迷你	PRC	Nissin Japan	30	5320985	6 July 2019
拉王	PRC	Nissin Japan	30	5404218	20 July 2019
拉王	PRC	Nissin Japan	30	9888937	27 October 2022

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	7293089	13 December 2022

Note: As of the Latest Practicable Date, application for renewal of the trademark was in progress.

- (v) As at the Latest Practicable Date, Guangdong Nissin had been licensed by Nissin Japan with the rights to use the following trademarks which are material in relation to our business:

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	3619335	6 March 2025
	PRC	Nissin Japan	30	3624794	13 June 2025
	PRC	Nissin Japan	30	3033477	13 February 2025
DEMAE RAMEN	PRC	Nissin Japan	30	1554157	13 April 2021
	PRC	Nissin Japan	30	3455133	13 July 2024
	PRC	Nissin Japan	30	248668	14 April 2026
NISSIN	PRC	Nissin Japan	30	1554154	13 April 2021

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	260269	19 August 2026
	PRC	Nissin Japan	30	1237225	6 January 2019
	PRC	Nissin Japan	30	1590874	20 June 2021
	PRC	Nissin Japan	30	4556552	27 May 2018 <i>(Note)</i>
	PRC	Nissin Japan	30	1402744	27 May 2020
	PRC	Nissin Japan	30	236297	29 October 2025
	PRC	Nissin Japan	30	1153569	20 February 2018 <i>(Note)</i>

Note: As of the Latest Practicable Date, application for renewal of the trademark was in progress.

(vi) As at the Latest Practicable Date, Fujian Nissin had been licensed by Nissin Japan with the rights to use the following trademarks which are material in relation to our business:

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	3033477	13 February 2025
	PRC	Nissin Japan	30	3619335	6 March 2025
	PRC	Nissin Japan	30	3624794	13 June 2025
NISSIN	PRC	Nissin Japan	30	763680	27 August 2025
	PRC	Nissin Japan	30	236297	29 October 2025
	PRC	Nissin Japan	30	3227115	13 January 2026
	PRC	Nissin Japan	30	3887453	20 January 2026
	PRC	Nissin Japan	30	248668	14 April 2026
	PRC	Nissin Japan	30	260276	19 August 2026

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	260269	19 August 2026
	PRC	Nissin Japan	30	1149151	6 February 2018 <i>(Note)</i>
	PRC	Nissin Japan	30	1153569	20 February 2018 <i>(Note)</i>
	PRC	Nissin Japan	30	4556552	27 May 2018 <i>(Note)</i>
	PRC	Nissin Japan	30	1237225	6 January 2019
	PRC	Nissin Japan	30	5505098	13 June 2019
	PRC	Nissin Japan	30	5320985	6 July 2019
	PRC	Nissin Japan	30	5404218	20 July 2019
	PRC	Nissin Japan	30	6522101	27 May 2020
	PRC	Nissin Japan	30	7120740	6 July 2020
	PRC	Nissin Japan	30	6938957	27 September 2020
DEMAE RAMEN	PRC	Nissin Japan	30	1554157	13 April 2021
NISSIN FOODS	PRC	Nissin Japan	30	7027336	20 June 2021

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	PRC	Nissin Japan	30	8767116	6 November 2021
拉王	PRC	Nissin Japan	30	9888937	27 October 2022
叮意粉	PRC	Nissin Japan	30	7293090	13 December 2022
	PRC	Nissin Japan	30	7293093	13 December 2022
Hold My Style	PRC	Nissin Japan	30	10787684	27 June 2023
	PRC	Nissin Japan	30	11421436	6 August 2024
	PRC	Nissin Japan	30	11421437	13 August 2024
UNIDENTIFIED FLYING OBJECT	PRC	Nissin Japan	30	12651424	20 October 2024
	PRC	Nissin Japan	30	7293089	13 December 2022

Note: As of the Latest Practicable Date, application for renewal of the trademark was in progress.

(vii) As at the Latest Practicable Date, our Group had been licensed by KOIKE-YA with the rights to use the following trademarks which are material in relation to our business:

Trademark	Place of Registration	Registered Owner	Class(es)	Registration Number(s)	Expiry Date(s)
	Hong Kong	KOIKE-YA	29, 30	300143333	14 January 2024
	Hong Kong	KOIKE-YA	29	302747205	24 September 2023
	Hong Kong	KOIKE-YA	29	302747214	24 September 2023
	Macau	KOIKE-YA	29	N/81350	28 August 2021
	Macau	KOIKE-YA	29	N/81349	26 May 2021

(b) Domain names

As at the Latest Practicable Date, our Group owns the following domain names:

Registered Owner	Domain Name	Registration Date	Expiry Date
the Company	nissinfoods.com.hk	21 February 2001	1 November 2019
Nissin Management	winnerfood.com	22 May 1999	22 May 2024
Guangdong Nissin	cupnoodles.com.cn	12 December 2007	17 December 2021
Gangyongnan	dolldimsum.com	14 March 2012	14 March 2018 <i>(Note 1)</i>
Gangyongnan	szgyn.cn	9 July 2006	9 July 2018 <i>(Note 1)</i>
Zhuhai Winner	zh-winner.com	6 May 2007	6 May 2024
Winner Food	doll.com.hk	27 February 2003	6 March 2021
the Company	nissinkoikeyafoods.com.hk	8 November 2013	13 November 2018 <i>(Note 1)</i>
Nissin China Holding	nissinfoods.com.cn	19 January 2015	3 July 2021
Guangdong Nissin	gdnissinfoods.com.cn	30 November 2009	30 November 2018 <i>(Note 1)</i>
Dongguan Nissin	dgnissinfoods.com.cn	19 January 2015	19 January 2018 <i>(Note 2)</i>
Winner Food	nissinfrozen.com.hk	19 January 2016	21 January 2021
Nissin China Holding	zhuhaiwinner.com.cn	12 September 2002	12 September 2021
Nissin China Holding	cupnoodle.com.cn	26 February 2016	26 February 2019
the Company	nissingroup.com.hk	18 April 2016	20 April 2021
Nissin China Holding	nissingroup.com.cn	18 April 2016	18 April 2022

Notes:

- (1) Our Group intends to renew the registration of the domain names closer to their respective expiry dates.
- (2) As the domain name is not in use by our Group, our Group will not renew the registration of the domain name after its expiry.

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of Interests

(a) *Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and its associated corporations*

So far as our Directors are aware, immediately following the completion of the Global Offering, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the Main Board, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Long position in the Shares*

Name of Director	Capacity/Nature	Number of Shares held	Approximate percentage of shareholding immediately after the Global Offering
Kiyotaka Ando	Beneficial Owner	11,353,480 ^(Note 1)	1.06%
		164,160 ^(Note 2)	0.015%
Shinji Tatsutani	Beneficial Owner	21,920 ^(Note 2)	0.002%
Munehiko Ono	Beneficial Owner	16,400 ^(Note 2)	0.002%
Yoshihide Semimaru	Beneficial Owner	7,760 ^(Note 2)	0.001%
Hijiri Fukuoka	Beneficial Owner	21,920 ^(Note 2)	0.002%

Notes:

- (1) These Shares are held by Mr. Kiyotaka Ando directly in his personal name.
- (2) These Shares are the Shares granted by the Company pursuant to the Share Award Scheme and the grant letters issued by the Company to the respective grantees on 17 March 2016. Prior to vesting on the Listing Date, these Shares are held by the trustee of the Employee Trust. Upon vesting on the Listing Date, these Shares will be held by the said trustee as nominee pursuant to the terms of the Share Award Scheme and the said grant letter.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held in the associated corporation as of the Latest Practicable Date	Approximate percentage of shareholding in the associated corporation as of the Latest Practicable Date
Kiyotaka Ando	Nissin Japan	Beneficial Owner	27,028 ^(Note 1)	0.02%
Shinji Tatsutani	Nissin Japan	Beneficial Owner	1,611 ^(Note 2)	0.001%
Munehiko Ono	Nissin Japan	Beneficial Owner	2,929 ^(Note 2)	0.002%
Yoshihide Semimaru	Nissin Japan	Beneficial Owner	492 ^(Note 2)	0.0004%
Hijiri Fukuoka	Nissin Japan	Beneficial Owner	505 ^(Note 2)	0.0004%

Notes:

- (1) Among the 27,028 shares of Nissin Japan held by Mr. Kiyotaka Ando, 27,000 shares were held directly by Mr. Kiyotaka Ando and 28 shares were held by a director share ownership association, namely 日清食品役員持株會, as a nominee of Mr. Kiyotaka Ando.
- (2) These shares were held by an employee share ownership association, namely 日清食品従業員持株會, as a nominee of the respective Director.

(b) Interests of substantial and other Shareholders in the Shares and Underlying Shares

So far as is known to our Directors and taking no account of any Shares which may be taken up under the Global Offering, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Global Offering (but without taking into account of the allotment and issue of any Shares upon the exercise of the Over-allotment Option), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(i) Interests in our Company

<u>Name of Shareholder</u>	<u>Capacity/Nature</u>	<u>Number of Shares held</u>	<u>Approximate percentage of shareholding immediately after the Global Offering</u>
Nissin Japan	Beneficial owner	793,858,000	73.89%

(ii) Interests in Nissin Koikeya Foods

<u>Name of Shareholder</u>	<u>Capacity/Nature</u>	<u>Number of Shares held</u>	<u>Percentage of shareholding</u>
KOIKE-YA	Beneficial owner	3,400,000	34%

(iii) Interests in MCMS

<u>Name of Shareholder</u>	<u>Capacity/Nature</u>	<u>Number of Shares held</u>	<u>Percentage of equity interest</u>
Mitsubishi	Beneficial owner	490	49%

(iv) Interests in Zhuhai Winner

<u>Name of Shareholder</u>	<u>Capacity/Nature</u>	<u>Percentage of equity interest</u>
Zhuhai S.E.Z. Western Development Co. (珠海經濟特區西部發展總公司)	Beneficial owner	29.55%

2. Particulars of service agreements

Each of our executive Directors has entered into a service agreement with our Company. The service agreements are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months written notice to the other party. An executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of our Directors regarding the amount of the remuneration payable to him.

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with us. Their appointment shall be of an initial term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months written notice to the other party but subject to termination in certain circumstances as stipulated in the appointment letter.

Save as disclosed above, none of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

- (a) The aggregate emoluments (including salaries and allowances) paid by our Group to our Directors in respect of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately HK\$5.1 million, HK\$4.6 million, HK\$4.8 million and HK\$2.5 million respectively. For additional information on Directors' remuneration during the Track Record Period, please refer to note 11 of the accountants' report set out in Appendix I to this prospectus.
- (b) Under the arrangements currently in force, the aggregate emoluments (including allowances but excluding any discretionary benefits or bonus) payable by our Group to our Directors for the year ending 31 December 2017 will be approximately HK\$8.6 million.

4. Agency fee and commissions received

Save as disclosed in the section headed "Underwriting – Total commissions and expenses for the Global Offering" of this prospectus, none of our Directors or the experts named in the paragraph headed "Consents of experts" in this appendix had received any agency fee or commissions from the Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 37 to the accountants' report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering (but without taking into account the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10.0% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;
- (b) none of our Directors or chief executive has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Main Board;
- (c) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5.0% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE AWARD SCHEME

We adopted the Share Award Scheme on 7 March 2016. The principal terms of the scheme is summarized below.

1. Objective

We adopted the Share Award Scheme on 7 March 2016 to recognise the contribution of certain of our selected employees (including but not limited to directors, executives, officers and other employees, whether full-time or part-time, of any members of our Group) and to provide our employees with incentives in order to retain them for the continual operation and development of our Group.

2. Implementation

For the implementation of the Share Award Scheme, the Employee Trust was established on 7 March 2016 and Acheson Limited acts as the trustee thereof. On 7 March 2016, 13,200 new Shares in our Company (equivalent to 528,000 new Shares after the Share Subdivision) were allotted and issued to Acheson Limited for the purpose of the Share Award Scheme, representing approximately 0.07% of the total number of issued Shares of our Company as at the Latest Practicable Date and equivalent to approximately 0.05% of the total number of issued shares of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

A total of 5,804 Shares (equivalent to 232,160 Shares after the Share Subdivision) (the “**Awarded Shares**”), representing approximately 0.03% of the total issued share capital of our Company as at the Latest Practicable Date, were granted to certain selected employees on 17 March 2016. The details of the grant are as follows:

Name of the grantee	No. of Awarded Shares	
	Prior to the Share Subdivision	After the Share Subdivision
安藤清隆 Kiyotaka Ando	4,104	164,160
辰谷眞次 Shinji Tatsutani	548	21,920
小野宗彦 Munehiko Ono.	410	16,400
蟬丸義秀 Yoshihide Semimaru	194	7,760
福岡聖 Hijiri Fukuoka.	548	21,920
Total	5,804	232,160

3. Vesting of the Awarded Shares

- (a) The selected employees are not entitled to exercise or enjoy the rights to the Awarded Shares pending the vesting of the Awarded Shares in accordance with the applicable vesting period.
- (b) The Awarded Shares shall vest upon the Listing.
- (c) All of the Awarded Shares shall be subject to lock up for a period of six months from the date of vesting, during which period the Trustee shall hold the Awarded Shares as nominee of the selected employees and the selected employees shall not sell, transfer or otherwise dispose of or enter into agreement to sell, transfer or dispose of such Awarded Shares.

4. Lapse

Unvested Awarded Shares shall lapse and all the unvested Awarded Shares shall not be vested in the relevant selected employee upon the occurrence of any of the following events:

- (a) an employee ceases to be an employee (but other than in the event of death, normal retirement or early retirement by agreement of the employee);
- (b) an employee, either alone or jointly with another person, works as director, manager, agent, consultant, partner, or employee of a competitor;
- (c) an employee becomes a shareholder holding five percent (5.0%) or more of the issued share capital of a competitor;
- (d) an employee is found to have given advantages or benefits to a Competitor;
- (e) the subsidiary of the Company by which an employee is employed or engaged ceases to be a subsidiary of the Company (or of a member of the Group);
- (f) an employee has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (g) an employee has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time in Hong Kong or in another jurisdiction;
- (h) an employee has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets; or
- (i) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

Awarded Shares deemed to have lapsed may be re-allocated for future awards at the discretion of the Company.

5. Termination

The Share Award Scheme shall terminate on the earlier of:

- (a) the tenth anniversary date of the date of adoption; and
- (b) such date of early termination as determined by the board of directors of our Company provided that such termination shall not affect any subsisting rights of any selected employee under the Share Award Scheme.

E. OTHER INFORMATION

1. Litigation

Save as disclosed in the section headed “Business – Legal proceedings and regulatory compliance – Particulars of claims against our Company as at the Latest Practicable Date” of this prospectus, our Directors confirmed that as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened by or against any member of our Group.

2. Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Division for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules. The Sole Sponsor will be paid by our Company a total fee of HK\$6.0 million to act as sponsor to our Company in the Listing.

3. Preliminary expenses

No preliminary expenses have been or are proposed to be incurred.

4. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

5. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Nomura International (Hong Kong) Limited	a corporation licensed under the SFO and permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
Deloitte Touche Tohmatsu	Certified Public Accountants
Broad & Bright Law Firm	PRC legal adviser to our Company
Anderson Mori & Tomotsune	Japan legal adviser to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Mr. Bernard Man, Senior Counsel	Barrister-at-law in Hong Kong

6. Consents of experts

Each of the above-named experts has given and has not withdrawn their respective written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 30 June 2017 (being the date to which the latest audited financial statements of the Group were made up) and up to the date of this prospectus.

9. Taxation of holders of Shares**(a) Hong Kong****1. Estate Duty**

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

2. Stamp Duty

Dealing in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

3. Dividends

No tax is imposed in Hong Kong in respect of dividends the Company pays to the Shareholders. Dividends paid to the Shareholders are free of withholding taxes in Hong Kong.

4. Capital gains and profits tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax.

(b) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

10. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) Within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
 - (cc) no commission has been paid or payable (except to the Underwriters) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries; and
 - (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and
 - (ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.
 - (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
 - (iii) save in connection with the Underwriting Agreements, none of the parties named in the paragraph headed “E. Other information – 5. Qualifications of experts” in this appendix:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares.
 - (iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
 - (v) no company within our Group is presently listed on any stock exchange or traded on any trading system;
 - (vi) our Group has no outstanding convertible debt securities; and

- (vii) the English text of this prospectus shall prevail over the Chinese text.
- (b) For the purpose of section 436 of the Companies Ordinance, (i) the financial information contained in this prospectus does not constitute the Company's statutory consolidated financial statements for any of the financial years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 but is derived from those financial statements; (ii) as the Company is a private company during the Track Record Period, it is not required to deliver its financial statements for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 to the Companies Registrar, and has not done so; (iii) the Company's auditor, Deloitte Touche Tohmatsu, has reported on these financial statements for all three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017; (iv) the Company's auditor issued qualified opinion on the statutory consolidated financial statements of the Company for the year ended 31 December 2014. For the year ended 31 December 2014, the qualification was due to the failure to disclose certain financial information as required by the relevant HKFRS upon restating the comparative figures in rectifying the qualifications for the year ended 31 December 2013. Such non-disclosures were related to financial information of certain subsidiaries of the Company and sharing of profit in respect of investment in an associate of the Group.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

i. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW and GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 6. Consents of experts” in Appendix IV to this prospectus; and
- (c) copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this prospectus.

ii. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of CFN Lawyers in association of Broad & Bright at 27th Floor, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the accountants’ report prepared by Deloitte Touche Tohmatsu, the text of which are set out in Appendix I to this prospectus;
- (c) the audited financial statements of our Group for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017;
- (d) the letter received from Deloitte Touche Tohmatsu on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the material contracts referred to in the section headed “Appendix IV – Statutory and General Information – B. Further Information about the Business of our Group – 1. Summary of the material contracts” in this prospectus;
- (f) the service contracts with the executive Directors and the appointment letters with the non-executive Director and the independent non-executive Directors, referred to in the section headed “Statutory and General Information – C. Further Information about Substantial Shareholders, Directors and Experts – 2. Particulars of service agreements” in Appendix IV to this prospectus;
- (g) the written consents dated this prospectus date referred to in the section headed “Statutory and General Information – E. Other Information – 6. Consents of experts” in Appendix IV to this prospectus;
- (h) the legal opinions prepared by Broad & Bright Law Firm, our legal adviser as to the PRC law, in respect of certain aspects of our Group and our property interests in the PRC;
- (i) the Japan legal opinion prepared by Anderson Mori & Tomotsune, our legal adviser as to Japanese law, in respect of certain aspects of our Group;

- (j) the Frost & Sullivan Report; and

- (k) the legal opinion prepared by the Legal Counsel referred to in the section headed “Business – Legal proceedings and regulatory compliance – particulars of claims against our Company as at the Latest Practicable Date” in this prospectus.

