



Grant Thornton

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## Minutes of First Meeting of Creditors

Of Miniso Master Franchisee Pty Ltd (Administrators Appointed) ACN 617 284 214

Held via webinar facilities only on 23 July 2020 at 11:30 AM

- CHAIRPERSON** Philip Campbell-Wilson
- The Chairperson introduced himself and informed the meeting that pursuant to Insolvency Practice Rule ('IPR') **75-50** they were presiding over the meeting as Joint and Several Administrator.
- OPENING** The Chairperson opened the meeting at 11:35AM.
- The Chairperson advised the proceedings were to be recorded to facilitate an accurate account of the meeting and preparation of minutes and confirmed there were no objections.
- PRESENT** Philip Campbell-Wilson, Chairperson and Joint and Several Administrator
- Erica Xu, Senior Manager, Grant Thornton
- Kevin Chen, Senior Associate, Grant Thornton
- Chloe Lim, Associate, Grant Thornton
- The signing record of persons present in person, by proxy or attorney is contained in **Appendix A**.
- There were also further observers attending to the meetings as recorded in the Observers Register, which is **Appendix B** to the minutes. The Chairperson confirmed there were no objections to the observers attending the meeting.
- ELECTRONIC FACILITIES** The Chairperson advised that:
- Due to government's restrictions imposed as a result of the COVID-19 pandemic, the Administrators have not offered a location for the meeting for creditors to attend in person. The virtual meeting was being run in accordance with both ASIC and ARITA's guidelines as released in response to the COVID-19 pandemic.
  - Notice of electronic facilities had been given pursuant to **IPR 75-35** and the electronic facilities were available and operating.
  - They had received the required statements and that the participants using the electronic facilities were taken to be present in person at the meeting pursuant to **IPR 75-75** and were included in the record of persons present which will form part of the minutes of the meeting and lodged with ASIC.
- PROOFS OF DEBT AND PROXIES** The Chairperson noted that they had received proofs of debt for voting purposes and proxies for the meeting. They advised:
- Proofs of debt for voting purposes had been assessed in accordance with **IPRs 75-85 – 75-110** and the creditors participating in the meeting had proofs of debt admitted for voting purposes.
- Proxies received were in order in accordance with **IPR 75-150** and valid for this meeting only.
- The Chairperson also noted to the meeting that they held the following proxies in their favour, attached at **Appendix A**.
- The Chairperson advised he would not use any general proxy to vote in favour of any resolution which would place them, their partner or employer in a position to receive any

	remuneration (directly or indirectly) out of the assets of the company pursuant to <b>IPR 75-97</b> .
<b>QUORUM</b>	The Chairperson advised that a quorum was present pursuant to <b>IPR 75-105</b> as at least two creditors were present at the meeting in person, by proxy, by power of attorney and participating by electronic means.
<b>NOTICE OF MEETING</b>	The Chairperson tabled a copy of the Notice of Meeting and advised it was sent to all known creditors on 13 July 2020, in accordance with <b>IPRs 75-10 – 75-25</b> . It was also published with ASIC in accordance with <b>IPR 75-40</b> .
<b>DECLARATION OF CONVENIENCE</b>	The Chairperson declared the meeting was held at a time and place they considered most convenient to the majority of creditors in accordance with <b>IPR 75-30</b> .
<b>DIRRI</b>	The Chairperson tabled the Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) which was included in the initial report to creditors.
<b>PURPOSE OF MEETING</b>	<p>The Chairperson advised that the purpose of the meeting was to:</p> <ul style="list-style-type: none"> <li>• Provide a brief history of the Company and the background to the appointment.</li> <li>• The meeting would also determine: <ul style="list-style-type: none"> <li>– Whether to appoint a Committee of Inspection; and</li> <li>– If so, who are to be the committee’s members.</li> </ul> </li> <li>• At the meeting, creditors may also, by resolution: <ul style="list-style-type: none"> <li>– Remove the administrator from office; and</li> <li>– Appoint someone else as administrator of the Company.</li> </ul> </li> <li>• Discuss any other relevant business which may arise.</li> </ul>
<b>JOINT AND SEVERAL ADMINISTRATORS’ REPORT</b>	<p>The Chairperson provided a brief history of the Company, its financial position, and an update on actions undertaken to date as summarised below:</p> <p><b>Background</b></p> <ul style="list-style-type: none"> <li>• Miniso Australia was established in 2016 and is a retailer of household and consumer goods. It operates 32 stores in Australia as well as an online store.</li> <li>• The Company over which we are appointed, Miniso Master Franchisee Pty Ltd, is a wholly-owned subsidiary of Miniso Holdings Pty Ltd (“Miniso Holdings”), which is the shareholder of a number of other administrative and operating entities within the Miniso Group.</li> <li>• The Company holds the licence of the ‘Miniso’ brand from Tabata Holdings Limited (“Tabata”), a company incorporated in Hong Kong, to trade the brand in Australia. Tabata is also the ultimate holding company to Miniso Holdings, and the Group.</li> <li>• Miniso operates a hybrid ownership model of business, whereby the stores operate either through franchisee agreements, joint venture arrangements and stores wholly owned by the Miniso corporate group. The Company purchases and holds stock on behalf of entities within the Miniso Group.</li> <li>• We have identified 12 group owned stores, 13 franchises, 6 joint ventures, and 1 wholesale store. Additionally, the Company has one office in Sydney and Melbourne. We also understand that Miniso Hurstville and Castle Hill stores are outside of Miniso Master Franchisee structure. However, the Company receives 58% revenues from both stores.</li> </ul>

- The Company itself does not employ staff. We understand that a related entity within the group, Miniso HR Pty Ltd (“Miniso HR”), employs administrative staff for the Group, whilst store staff are employed by the stores themselves.
- The Company contracts with a third party for the use of warehouse space and logistics services to fulfil online orders and deliver stock to retail stores.
- As a result of the COVID-19 pandemic and its associated restrictions, the Company has suffered a significant downturn in revenue and the Directors determined that the Company was insolvent, leading to our appointment.

#### **Key actions undertaken to date**

- Applied to the Federal Court of Australia to extend the grace period provided pursuant to section 443B of the Corporations Act to 20 business days from the date of our appointment. This is specifically related to the Voluntary Administrators’ liability and will provide us with the time required to assess the position of the Company and maximise the chances of a successful restructure of the Group.
- Continued to trade the business of the Group, including providing inventory, logistics and support services to the 32 stores.
- Conducted preliminary assessment of Miniso at the Master Franchisee level, store level and at a consolidated group level.
- Conducted preliminary discussions and negotiations with the lessors of the Company with respect to a potential restructure, and held meetings with shareholders and their advisors with respect to a recapitalisation of the business.
- Liaised with management and their advisors with regard to the background of the Company and Group, and held discussions about a potential Deed of Company Arrangement.
- Conducted preliminary investigations into the financial affairs of the Company. Our findings will be discussed in detail in the forthcoming Administrators’ report.

#### **Assets and Liabilities**

As at the date of our appointment, we have identified the following major assets:

- The Company held cash at bank of c. \$964K as at the date of our appointment which includes a \$250K small business loan from ANZ. We have been advised that the bank will claim set-off this amount which reduces the cash position to c. \$714K.
- Stocktakes of the stores and warehouse were conducted upon our appointment. The current book value of the stock is c. 5.3M. The Administrators are liaising with the management team and warehouse to finalise the stocktake and valuation. We will provide an update in the next report to creditors if there are any discrepancies.
- We have also identified a number of debts and loans owing to the Company from other entities within the Miniso Group, totalling c. \$3.9M. We are advised that these amounts primarily relate to loans to support loss-making stores in the previous years. We are reviewing these intercompany loans and will provide an update in our next report to creditors about their recoverability.

- Our investigations also identified bank guarantees held by the lessors of c. \$2.6M. Taking into consideration the tenure of the leases and arrears outstanding, we do not anticipate a material return from this class of asset at this stage.
- Our investigations have identified an unencumbered Porsche Cayenne owned by the Company. The vehicle is now in the possession of a registered auctioneer and will be realised shortly.
- Our investigations have also identified office equipment located at the Melbourne and Sydney offices. Our investigations into the realisable value of same are ongoing, however given the nature of the assets; we do not expect a material return from this class of asset.

Our initial investigations indicate that the Company has the following liabilities:

- c. \$36K secured loan owed to Camnet Pty Ltd relating to equipment financing.
- c. \$16.6M to unsecured creditors, consisting of:
  - Related-parties loans of c. \$6.3M. We understand that this balance primarily relates to a running balance debt owed to Tabata, the Group's ultimate holding company, pertaining to the purchase of inventory on the Company's behalf, and provision of administrative services.
  - Stock deposit loans owed to franchisees and joint venture partners of \$5.5M. We are currently seeking legal advice with regard to the nature of these debts and their terms of repayment. It is our understanding that the loans will fall due and payable upon termination of the franchise agreements.
  - Outstanding rental arrears of c. \$3.3M. We note that this figure may increase, and that a number of lessors have submitted claims based on damages for the remaining term of their leases. Our review of the leases is ongoing at this stage.
  - Australian Taxation Office, who is owed c. \$547K; pertaining primarily to unpaid GST.
  - Trade creditors of c. \$683K; and
  - ANZ, who is owed c. \$250K which will be repaid by setting off the cash at bank.
- To date, we have received 17 proofs of debt totalling c 13.1M. These figures are subject to change as more books and records are made available, and as proofs of debts are received. We note that a number of claims may be contingent and are subject to further review (such as lessors' claims for damages).
- The Company holds 33 leases with 16 different landlords, 31 of those leases being for the retail stores.
- The Company's gross monthly rental liability with respect to the retail stores is c. \$620K.
- Based on the information available to us, our initial investigations indicate that there are insufficient funds to cover its liabilities, including its lease obligations and stock orders.

### Store Leases

- On 17 July 2020, the Federal Court of Australia issued orders to extend the landlord liability period for up to 20 business days, which will provide the appropriate time needed to consider our investigations and a likely proposed plan to recapitalise the business.
- Prior to our appointment, we understand that a number of discussions had taken place since the announcement of the Code of Conduct in relation to negotiations and agreements entered into with certain landlords under various legislation.
- At present, we have not yet determined those leases which we believe are integral to the operation of the business and whether the stores, which operate from those premises, are viable. Our investigations in this regard are ongoing. At this stage, the objective is to keep all stores open, however this is subject to forecast revenue versus current cost structure.
- We will continue our negotiations pursuant to the Code of Conduct, where appropriate, with the landlords as they seek to understand the options available for the business and what is in the best interests of creditors of the Company.
- Based on our preliminary assessment, it appears that a number of leases may need to be terminated given unprofitable trade. We expect by 14 August 2020, we will be able determine the future status of the leases.

### Deed of Company Arrangement

- Based on our discussions to date, we anticipate that the shareholder intends to put forward a Deed of Company Arrangement (DOCA) for creditors' consideration. The terms of that Deed will be detailed in our forthcoming Voluntary Administrators' report, which we anticipate to be issued on or around 10 August 2020.
- We understand that the DOCA will be dependent on the outcome of negotiations with the lessors. In the event that a potential DOCA proponent requires more time to formulate a DOCA proposal, the Administrators may consider to apply to the Court for an extension of convening period.

The Chairperson asked the meeting if there were any questions, and to advise the meeting of their name and the name of the creditor they represent when addressing the meeting.

Questions were asked and answered in the meeting as follows.

### QUESTIONS AND ANSWERS

<b>Giovanni Kuang, Proxy for Miniso Sunny Pty Ltd</b> <b>Question</b>	What is the total stock value available in the warehouse that is for sale?
<b>Response</b>	The Chairperson advised that the total stock held by the Company including the warehouse, is valued at c. \$5.3M (book value).
<b>Brett Sullivan, Proxy for the Deputy Commissioner of Taxation</b> <b>Question</b>	With regards to the franchisee and joint venture stores, has the Company guaranteed the leases via a bank guarantee?

<b>Response</b>	The Chairperson advised that the Company has provided a bank guarantee in favour of the lessors for each of the lessors, including those of franchisee and joint venture stores.
<b>Josephine Tan, Proxy for Kawaii Docklands Pty Ltd</b> <b>Question</b>	Do the Directors receive a remuneration and will this be continued?
<b>Response</b>	The Chairperson advised that the Directors did not receive a wage from the Company prior to our appointment and will not during the Administration period.
<b>Josephine Tan, Proxy for Kawaii Docklands Pty Ltd</b> <b>Question</b>	Is the stock valued at c. \$5.3M inclusive of the stock in the stores currently?
<b>Response</b>	The Chairperson confirmed that the stock is inclusive of those in the stores and warehouse.

## VOTING

The Chairperson advised that as a result of the COVID-19 pandemic, voting will be decided on a poll in accordance with both ASIC and ARITA's guidelines. The Chairperson noted the following in respect of voting conducted on a poll basis:

- A majority in number and a majority in value of creditors is required for the resolution to pass.
- Creditors will vote their general proxies as appropriate or special proxies as directed. They will not use a general proxy to vote in favour of any resolution which would place them, their partner or employer in a position to receive any remuneration (directly or indirectly) out of the assets of the Company pursuant to **IPR 75-97**.
- If there is not a majority in both number and value, then no result is reached.
- If no result is reached, as Chairperson, he may exercise a casting vote in favour of the resolution or against the resolution or may abstain.
- He will not exercise a casting vote in relation to remuneration and will not vote against a resolution relating to the removal of the Joint and Several Administrators pursuant to **IPR 75-115(4)**.
- He will inform you of any reasons for exercising, or not exercising a casting vote and it will be included in the minutes pursuant to **IPR 75-115(6)**.

The Chairperson also advised that voting will take place through the webinar and attendees were reminded that:

- Creditors may only vote on resolutions for a company that they are a creditor of.
- Attendees with specific proxies must vote as instructed in that proxy.
- Any inconsistency between the vote cast by a proxyholder as compared to the instructed provided for in that proxy will render that vote invalid.
- Voting will take place through the question box within the webinar. Creditors will provide creditors with a short period of time for voting to take place. Subject to the resolution, this period will likely be approximately 2 minutes

which is sufficient time to cast a vote. Any creditor who does not cast their vote within this period of time loses the ability to have their vote counted for that resolution.

- Creditors are advised that there will not be an opportunity to change their vote once a selection between FOR, AGAINST or ABSTAIN has been chosen. That is, once creditors type FOR, AGAINST or ABSTAIN in the question box, their vote will be considered to have been casted.

## **COMMITTEE OF INSPECTION**

The Chairperson advised the meeting that they may resolve to appoint a Committee of Inspection whose role would be to monitor the Voluntary Administration and give assistance to the Joint and Several Administrators.

The committee would meet as required and have certain rights to give directions, receive information and obtain specialist advice or assistance, if appropriate.

The Chairperson did not recommend that a committee be established as he did not believe it would be of commercial benefit, given the circumstances of this administration.

The Chairperson noted that prospective members should be aware that there are restrictions on members of a committee (or their related parties) deriving a profit or advantage from the Company (other than a dividend), the administration or a creditor, unless:

- The creditors resolve otherwise
- It is permitted by the Corporations Act or another law
- The court gives leave

These are offences of strict liability against the members (unless they did not know or could reasonably be expected to know).

The Chairperson noted that if the creditors choose to establish a Committee of Inspection, then they also intended to propose a resolution that would permit arm's length transactions in the ordinary course with members of the committee and the Company or its creditors, to address the requirements of **IPR 80-55** and ensure that normal arm's length transactions did not result in a breach of the strict liability offence.

The Chairperson advised that information sheets on committees provide further guidance on the role, rights and responsibilities and were included with the notice of the meeting.

The Chairperson asked interested creditors to consider the requirements and if they were interested, consider nomination when resolutions were proposed shortly.

The Chairperson advised he will now be putting forward the resolutions to creditors for their consideration.

## **RESOLUTION 1: APPOINTMENT OF ALTERNATIVE ADMINISTRATOR(S)**

The Chairperson advised that Section 436E of the Corporations Act allows creditors by resolution to remove the Administrators from office and appoint any alternate Administrators to the Company.

The Chairperson advised that the Administrators had not received a consent to act from another insolvency practitioner. As there was no nomination for an alternative Voluntary Administrator, the Administrators confirmed their appointment and no resolution was put to the floor.

**RESOLUTION 2:  
COMMITTEE OF  
INSPECTION**

The Chairperson proposed the following resolution to the meeting, and conducted a poll:

“To resolve to appoint a Committee of Inspection and for creditors when voting to also put forward their nomination should they wish to be a member if they haven’t already by Special Proxy.”

The outcome of the poll was:

	<b>Number</b>	<b>Value</b>
<b>In favour</b>	9	\$16,447,210.80
<b>Against</b>	3	\$974,134.70
<b>Abstained</b>	3	\$1,323,954.80

The Chairperson confirmed that a majority in number and value had voted to appoint a Committee of Inspection.

The Chairperson read out the nominations for the Committee of Inspection, and proposed that:

“Josephine Tan, Proxy for Kawaii Docklands Pty Ltd, Ryan Burns, Proxy for Scentre Group Limited, Hiroshi Kaneko, Proxy for Nippon Food Supplies Company Pty Ltd, James Li of Miniso B-Central Pty Ltd and Tony Liu, Proxy for Miniso Life Australia Pty Ltd and Tabata Holdings Limited be appointed to the Committee of Inspection of Miniso Master Franchisee Pty Ltd.”

The outcome of the poll was:

	<b>Number</b>	<b>Value</b>
<b>In favour</b>	5	\$2,318,372.97
<b>Against</b>		
<b>Abstained</b>		

The Chairperson declared the resolution was passed on a poll.

**GENERAL  
BUSINESS**

The Chairperson asked the meeting whether there were any further matters to be discussed prior to the closure of the meeting.

**CLOSURE**

There being no further discussion, the Chairperson declared the meeting closed at 12:27PM.

**Dated 30 July 2020**

[signature not required]

**Philip Campbell-Wilson  
Chairperson**



## Appendix A

**Meeting Attendance Register - Creditors**  
**Miniso Master Franchisee Pty Ltd (Administrators Appointed)**

First Meeting of Creditors held at Grant Thornton Australia Limited, Webinar facilities only on 23 July 2020 at 11:30 AM  
 Chairperson: Philip Campbell-Wilson  
 All Creditors

Creditor Name	Related Party? state 'Yes'	Name of Proxy or Attorney	Type of Proxy (General / Specific)	Creditor ROCAP Amount	Creditor Claimed Amount	Value of Security	Admitted to Vote for	Signature of Person Attending
ATO		Brett Sullivan	General	547,544.00	547,544.00		547,544.00	
Chatswood - Loracul Pty Ltd		Darren McKeon	General	0.00	53,986.70		53,986.70	
Forest Hill - Glass Sub TC Pty Ltd		John Postle	General	66,825.66	501,984.61		501,984.61	
Miniso Bankstown (Inventory Loan)		James Li	General	0.00	356,625.00		356,625.00	
Miniso Chadstone (Inventory Loan)		Chairperson	Special	0.00	200,000.00		200,000.00	
Miniso Docklands (Inventory Loan)		Josephine Tan	General and Special	0.00	352,458.35		352,458.35	
Miniso Eastland (Inventory Loan)		Jessica Wong	General	0.00	462,433.35		462,433.35	
Miniso Elizabeth St. (Inventory Loan)		Chairperson	General	0.00	165,000.00		165,000.00	
Miniso Life Australia Pty Ltd		Shen Liu	Special	0.00	1,000.00		1,000.00	
Miniso Parramatta (Inventory Loan)		Martin Jin	General	0.00	372,604.00		372,604.00	
Miniso Sunnybank (Inventory Loan)		Giovanni Kuang	Special	300,000.00	332,174.88		332,174.88	
Miniso Sydney Central Plaza (Inventory Loan)		Chairperson	Special	0.00	200,000.00		200,000.00	
Nippon Food Supplies Company Pty Ltd		Hiroshi Kaneko	Special	80,000.00	365,211.45		365,211.45	
Scentre Group Limited		Ryan Burns	Special	0.00	8,675,799.47		8,675,799.47	
Tabata Holdings Limited		Shen Liu	Special	5,806,915.85	5,806,915.85		5,806,915.85	
Top Ryde - Bevillesta Pty Limited		John Postle	General	57,202.45	489,795.31		489,795.31	

## Appendix B

**Meeting Attendance Register - Observers**  
**Miniso Master Franchisee Pty Ltd (Administrators Appointed)**

First Meeting of Creditors held at Grant Thornton Australia Limited, Webinar facilities only on 23 July 2020 at 11:30 AM  
Chairperson: Philip Campbell-Wilson

Name of Observer	Signature of Person Attending
Bradley Rose (Miniso Sunnybank)	
Carolyn Shih - Loracul Pty Limited (Chatswood - Lessor)	
Jeannine Clark - 151 Property (Forest Hill/Top Ryde - Lessor)	
Katsunori Kushibe (Nippon Food Supplies)	
Milap Vora (Miniso North Lakes)	
Taro Uemura (Nippon Food Supplies)	