

NOTICE OF FILING

This document was lodged electronically in the FEDERAL COURT OF AUSTRALIA (FCA) on 17/07/2020 12:51:08 PM AEST and has been accepted for filing under the Court's Rules. Details of filing follow and important additional information about these are set out below.

Details of Filing

Document Lodged: Affidavit - Form 59 - Rule 29.02(1)
File Number: NSD768/2020
File Title: AN APPLICATION BY SAID JAHANI AND PHILIP CAMPBELL-
WILSON IN THEIR CAPACITY AS JOINT AND SEVERAL
VOLUNTARY ADMINISTRATORS OF MINISO MASTER
FRANCHISEE PTY LTD ACN 617 284 214 (ADMINISTRATORS
APPOINTED) & ANOR
Registry: NEW SOUTH WALES REGISTRY - FEDERAL COURT OF
AUSTRALIA



Sia Lagos

Dated: 17/07/2020 12:51:12 PM AEST

Registrar

Important Information

As required by the Court's Rules, this Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date and time of lodgment also shown above are the date and time that the document was received by the Court. Under the Court's Rules the date of filing of the document is the day it was lodged (if that is a business day for the Registry which accepts it and the document was received by 4.30 pm local time at that Registry) or otherwise the next working day for that Registry.



Rule 29.02(1)

Form 59
Rule 29.02(1)

Affidavit

No. NSD 768 of 2020

Federal Court of Australia
District Registry: New South Wales
Division: Commercial and Corporations List

**IN THE MATTER OF MINISO MASTER FRANCHISEE PTY LTD ACN 617 284 214
(ADMINISTRATORS APPOINTED)**

**PHILIP CAMPBELL-WILSON AND SAID JAHANI IN THEIR CAPACITY AS JOINT
AND SEVERAL ADMINISTRATORS OF MINISO MASTER FRANCHISEE PTY LTD
ACN 617 284 214 (ADMINISTRATORS APPOINTED)**

First Plaintiff

MINISO MASTER FRANCHISEE PTY LTD ACN 617 284 214

Second Plaintiff

Affidavit of: Philip Campbell-Wilson
Address: Level 17, 383 Kent Street, Sydney NSW 2000 Australia
Occupation: Registered Liquidator and Chartered Accountant
Date: 17 July 2020

Contents

Document Number	Details
1.	Affidavit of Philip Campbell-Wilson in support of application for orders under sections 443B and 447A of the <i>Corporations Act 2001</i> (Cth) and section 90-15 of Schedule 2 - the Insolvency Practice Schedule (Corporations) sworn on 17 July 2020.
2.	Exhibit "PCW-2", being a bundle of documents exhibited to the

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deponent.

I, Philip Campbell-Wilson of Grant Thornton Australia Limited (**Grant Thornton**), Level 17, 383 Kent Street, Sydney NSW 2000 Australia, Registered Liquidator and Chartered Accountant affirm:

1. I am a partner in the Financial Advisory team of Grant Thornton. I am a Registered Liquidator, Chartered Accountant and Partner at Grant Thornton. I am experienced in acting as an administrator in voluntary administrations.
2. Exhibited to me at the time of making this affidavit is a bundle of documents marked "PCW-2" (**Exhibit PCW-2**). A reference to a Tab in this affidavit is to a tab in Exhibit PCW-2, unless otherwise stated.
3. I refer to my affidavit affirmed on 15 July 2020 in these proceedings (**First Affidavit**) and adopt the defined terms therein.

Correspondence with Landlords

4. In addition to the correspondence referred to at paragraph 30 and Tab 9 of my First Affidavit, the Administrators have received the following communications with Landlords or their legal representatives:
 - (a) Email from NRF to Administrators. A copy of NRF's correspondence was provided to our solicitors, Hamilton Locke. A copy of the correspondence between Norton Rose Fulbright and Hamilton Lock is at paragraph 5 and Tabs 1 to 4 of the Affidavit of Emily Pendlebury affirmed 16 July 2020 (**Pendlebury Affidavit**).
5. The Administrators have commenced early discussions with some of the major Landlords about resetting lease terms to a sustainable level that will greatly assist the Miniso business model to continue. We are hopeful that if the extension is granted, we will be able to reach an acceptable position with the Landlords that ensures the Miniso stores continue to operate and the Landlords have a long term tenancy arrangement with Miniso.
6. Yesterday, 16 July 2020, Mr Jahani had preliminary discussions with Scentre Group and Blackstone, who together are the landlords for 11 of the retail stores, including the Wholesale Store referred to at paragraph 13 below. Discussions are scheduled for today with Vicinity Centres and GPT Group, who together are the landlords for a further 9 of the retail stores. The Administrators intend to schedule further preliminary discussions with other Landlords early next week.
7. These discussions are preliminary because as this stage as we do not have the detailed financial information from each of the individual stores to enable us to

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negotiate amended terms with the Landlords. I expect that it will take us more than five business days to be in a position to offer the Landlords the detail that they require to determine whether they would be prepared to alter the terms of the existing Leases so as to ensure the ongoing operation of the Miniso retail stores.

Correspondence with store owners

8. I refer to paragraphs 11(d) and 11(g) of my First Affidavit which sets out the 18 stores which are owned by and or controlled either partly or entirely by independent third parties (**Store Owners**). The Administrators (who are the lessors for each Store Owner or otherwise control their rights to continue to occupy the relevant stores) have had the following communications with those Store Owners:
- (a) On 13 July 2020, the Administrators obtained contact details from the management of the Company in relation to the Franchisees and joint venture stores. At that time, I understood this to be 21 stores in total. However, since that time I have discovered that three of the stores are called 'joint venture' stores but are in fact wholly owned by Miniso Group entities, and the Sydney Central store which, in my First Affidavit was called a Wholly Owned Store, is in fact a joint venture store between Miniso Holdings and a third party.
 - (b) On 14 July 2020, we sent a letter to the owners of 19 stores referred to at paragraphs 11(d), (g) and (h) of my First Affidavit, being either the Franchisees or joint venture store owners, notifying them of our appointment as Administrators of the Company. A copy of our letter dated 14 July 2020 is at Tab 1 of Exhibit PCW-2.
 - (c) Since that time, Ms Erica Xu (**Ms Xu**), manager at Grant Thornton who speaks Mandarin, has worked with Wing Kin Yip who speaks Cantonese and Mandarin, one of the directors of the Company and together they have contacted 16 of the store owners, representing 14 stores (in some cases, Ms Xu has spoken to two of the individual owners of one store) referred to in subparagraph (b) either by telephone call or WeChat. The purpose of the telephone calls is to assist the store owners to understand the administration process. As set out in paragraph 41(g) and (h) of my First Affidavit, all store owners (with the exception of Burwood) are of Chinese backgrounds with English as their second language and a number are currently living overseas. During those conversations, Ms Xu has to:
 - (i) explain the administration process in Mandarin;

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- (ii) assist them to understand and complete the proof of debt form attached to our correspondence; and
 - (iii) has been asked to provide copies of the Administrators' correspondence and documents translated into Mandarin or Cantonese.
- (d) The queries from store owners is very time consuming for Ms Xu and to date, I am informed by her that only about 10% of the Store Owners she has spoken to have been fluent in English and able to understand our correspondence to them.
- (e) Of the remaining 6 stores that were sent our letter:
- (i) we attempted to contact the Burwood and Carousel stores by telephone but those individuals did not answer the telephone and we were unable to leave a message;
 - (ii) two of the stores, Chatswood and Highpoint, are owned by relatives of the director of the Company and I am informed by the director of the Company he has informed those store owners about our appointment but still, we have not yet been able to contact them; and
 - (iii) we understand the remaining store owners are overseas and we have sent WeChat requests to each of them. Our ability to contact them via telephone is dependent on their acceptance of our WeChat request.
- (f) Of the stores we did not send a letter to:
- (i) one is the Wholesale Store referred to at paragraph 13 below;
 - (ii) one is the Sunnybank store. The Company's management informed us that the owner has not been cooperative in assisting them to perform a stocktake. We understand the owner of the Sunnybank store refused to allow management to perform a stocktake because of their concerns about having too many people in the store under the COVID-19 social distancing requirements, as the stocktake requires 8 to 10 people for approximately 5 hours. We are liaising with the Company's management team and our Grant Thornton colleagues in Brisbane to consider either engaging a third party to conduct a stocktake or proposing an alternative arrangement for stocktake of that store.

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- (iii) six are the Wholly Owned Stores of the Company referred to at paragraph 11(a) of my First Affidavit;
 - (iv) two are the stores 100% owned by Miniso JV referred to at paragraph 11(c) of my First Affidavit; and
 - (v) two are the stores operated by Miniso Life referred to at paragraph 11(j) and (k) of my First Affidavit.
9. At present, I am not confident that each of the store owners fully understand the administration process and that, if I am unable to obtain an extension, they must vacate the premises.

ANZ

10. Yesterday I had preliminary conversations with ANZ which, according to the books and records of the Company, is owed approximately \$250,000.
11. ANZ has issued a letter of default in relation to a small business loan and have taken rights of offset. The Administrators are working with ANZ in regards to those rights and obligations.
12. We are also still working with ANZ in relation to ongoing supply of eftpos merchant provision and transactional banking.

Additional Wholesale Store

13. In addition to the 31 retail stores listed in paragraph 11 of my First Affidavit, we now understand from correspondence from Holding Redlich for Scentre Group and from management that there is a further store not previously known to us, owned and or operated by Miniso North Lakes Pty Ltd which is owned by a third party and operates as a wholesale store (the **Wholesale Store**). The Wholesale Store:
- (a) is located in North Lakes, Queensland;
 - (b) the Company is the lessee under the Lease with Scentre Group; and
 - (c) it has a different structure of franchisee agreement with the Company, whereby the Company sells stock to the Wholesale Store with an added margin. In turn, the Wholesale Store sells the stock and does not return a percentage of its sales to the Company.
14. The Administrators are continuing its investigation into the Wholesale Store including identifying how the Company recoups rent payable under the Lease

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from the Wholesale Store and how orders by the Wholesale Store are accounted for in the Company's books and records.

15. We will contact the store owner of the Wholesale Store in the next day to provide copies of our correspondence to date and to discuss the administration process generally.

Financial Information

16. Since the date of my First Affidavit, the Administrators have identified the following unforeseen complications in understanding the operation processes for each of the individual stores:
- (a) All sales systems are located and managed by a service contractor team in China (**Miniso China**). All store managers in Australia need to record their daily sales into the Miniso system for the Miniso China team.
 - (b) A separate IT team based in China generates daily sales reports and compares those reports with bank statements and daily cash deposits recorded by each store. The Miniso HR employees in Australia manage the Miniso Australia accounts held with ANZ.
 - (c) The Company manages the payments of expenses for all retail stores, including rent payable to the Company under the franchise agreements and payroll for Miniso HR.
 - (d) The sales reports we have been provided with have no information on stock orders and the cost of goods sold for each store, which means we are unable to form a view on the performance of the individual retail stores at this time.
 - (e) The Company's sales data, books and records provided to the Administrators are prepared by both the Company's employees in Australia and employees of Miniso China located in China who speak predominantly Mandarin. It has proven difficult to obtain clear instructions from the Miniso China team about their accounting and recording processes.
 - (f) The financial information produced and held by the broader Miniso China team is in Mandarin.
 - (g) The data prepared by the store owners is a combination of English and Mandarin, sometimes both in the same document.

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17. We are still working to:
- (a) identify the flow of sales revenue from online sales and are continuing to liaise with the Miniso China team to confirm the online sales recording process. At this stage, it is not clear which entity receives the online sale revenue; and
 - (b) reconcile the ASIC compliance reporting for the Company's transactions against the sales and expenses of each store.
18. Given the language complications and the complexities of the financial recording operated out of Miniso China; the work to collate, interpret and verify the financial the figures of the Company and the individual stores and the accounting process is cumbersome and will invariably take longer than five business days.

Stock

19. The books and records provided to us at our appointment showed the Company held stock valued at approximately \$8,502,504.83. Today, management of the Company provided a revised figure of approximately \$5,118,342.54 based on a recently completed stocktake.
20. As at today's date, we have not completed a stocktake of the 31 retail stores, the Wholesale Store or the warehouse and have not identified how much, if any, of the stock recorded as being held by the Company is owned by the stores.
21. On 14 July, Ms Xu attended the warehouse and distribution centre referred to at paragraph 10(b) of my First Affidavit. The purpose of Ms Xu's visit was to enable us to better understand the process of stock ordering by the Company and the filling of orders for individual stores and the online store. Since our appointment, we have been performing the following tasks for stock ordering and delivery:
- (a) each day, we need to approve more than three batches of stock orders from the Miniso China team, this includes the delivery orders for 7 to 8 stores and confirmation of the order to the warehouse for shipment the following day;
 - (b) there is no integrated system between the Miniso China team and the warehouse so the delivery orders need to be reviewed and confirmed in an excel format. As many of the excel descriptions are in Mandarin, we are having to translate those descriptions for reporting purposes.
22. Lastly, we have also not yet ascertained how the stock loans referred to at paragraph 17(h) of my First Affidavit have been accounted for by the Company in its books and records and the extent to which the stock loans provided under

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each franchise agreement have been drawn on to stock the individual retail stores.

Mr Brodrick's affidavit

23. In paragraph 19 of Mr Brodrick's affidavit filed 16 July 2020, he extracts his letter to the Administrator's solicitors of 15 July wherein he states "*There has been no explanation of what the financial position of the tenant is, what its sources of income are and whether those sources have been disrupted*". The position of the retail stores of which Mr Brodrick's client is the Landlord is as follows:

- (a) There are nine stores where Mr Brodrick's client is the landlord—
 - (i) three are controlled by Miniso JV or Miniso Holdings (Mt Druitt, Doncaster, Southland),
 - (ii) three are Franchisee owned (Parramatta, Burwood and the Wholesale Store),
 - (iii) two are joint venture stores (Sydney Central Plaza and Carousel), and
 - (iv) for Hurstville, the Company is not the tenant.
- (b) For the reasons outlined in paragraph 16 above, the Administrators have only limited trading information relating to specific stores and the veracity of such information is questionable. It follows that we cannot presently identify the trading position of individual stores and the effect that Covid-19 may have had on the operation of those stores.
- (c) As outlined above in paragraph 8, we have not yet been able to speak with the owners of Carousel or Burwood and have only spoken with the owner of the Parramatta store for the first time yesterday.

24. In response to paragraph 29(a) of Mr Brodrick's affidavit, I confirm that the Company does not trade from any of the premises.

25. In response to paragraphs 32 to 34 of Mr Brodrick's affidavit, the Administrators do not yet know if the National Cabinet's Mandatory Code of Conduct (Commercial Leasing Principles) and various pieces of state legislation (**Code**) apply to the Miniso Group or the Company. The eligibility for the Code has two limbs being a financial cap and eligibility for JobKeeper payments. The Administrators consider that the Company has satisfied the financial hurdle and are undertaking investigations to see whether the Group is eligible for JobKeeper. Based on the information presently known to the Administrators,

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Miniso HR operates as a HR function and that entity would certainly be eligible for JobKeeper. One of the complexities that has arisen as a result of our investigations is that the Company appears to pay the wages for those employees and JobKeeper benefits appear to be recorded in the books of the Company. At this time we do not know whether the Company is eligible however we are undertaking investigations to confirm that position.

Potential Outcomes

26. I refer to paragraph 45(b) of my First Affidavit and say further, that if the extension is not granted, then the Administrators will issue notices pursuant to section 443B(3) of the Corporations Act. The effect of the Administrators taking this step is that the owners, franchisees and joint venture operators of the 31 affected Miniso stores may be forced to close this coming weekend 18 to 19 July 2020 or arrangements made to sell down stock in-store and then close. It follows that each of the individual operating store entities may then have no option but to wind up their operating entities given there is no shop front to trade from.

SWORN/AFFIRMED at Sydney on 17 July 2020

Signature of deponent _____

Name of witness _____

Address of witness _____

Capacity of witness _____

And as a witness, I certify the following matters concerning the person who made this affidavit (the **Deponent**):

1. I saw the face of the Deponent.
2. I have confirmed the Deponent's identity using the following identification document:

Identification document relied on

Signature of witness _____

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Form 3 (adapted)
Rule 2.13(4)

Exhibit certificate

No. NSD 768 of 2020

Federal Court of Australia
District Registry: New South Wales
Division: Corporations

**IN THE MATTER OF MINISO MASTER FRANCHISEE PTY LTD ACN 617 284 214
(ADMINISTRATORS APPOINTED)**

**PHILIP CAMPBELL-WILSON AND SAID JAHANI IN THEIR CAPACITY AS JOINT
AND SEVERAL ADMINISTRATORS OF MINISO MASTER FRANCHISEE PTY LTD
ACN 617 284 214 (ADMINISTRATORS APPOINTED)**

First Plaintiff

MINISO MASTER FRANCHISEE PTY LTD ACN 617 284 214

Second Plaintiff

This is the Exhibit marked '**PCW-2**' produced and shown to Philip Campbell-Wilson at the time of swearing his affidavit this 17th Day of July 2020 before me:

.....

Solicitor

Filed on behalf of (name & role of party)	Philip Campbell-Wilson and Said Jahani, Applicants
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1

To the recipient as addressed

14 July 2020

Dear Sir/Madam

**Miniso Master Franchisee Pty Ltd (Administrators
Appointed)**

ACN 617 284 214 (the “Company”)

Notification of appointment

Said Jahani and I were appointed Joint and Several Voluntary Administrators of the Company on 13 July 2020. Attached is a copy of our appointment document.

We understand that you are the Franchisee and/or Guarantor pursuant to the Miniso Franchise Agreement, under which the Company is the Franchisor.

We advise that we currently intend on trading the Franchisor’s business as usual, and that you should continue to operate pursuant to the terms of the Franchise Agreement.

Application to Court

We also advise that, taking into consideration the uncertainty in the retail market, we intend to apply to the Federal Court of Australia shortly to extend the rent free period provided pursuant to section 443B(2) of the *Corporations Act 2001* (the Act). Should you wish to be heard in the application, we request that you contact our office as soon as possible.

We will revert shortly with further details with regard to the Voluntary Administration.

Should you have any queries in relation to the above, please contact Erica Xu of our office on +61 2 82972501 or Erica.Xu@au.gt.com.

Philip Campbell-Wilson

Joint and Several Administrator

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