



# MINISO Group Holding Limited

(A company incorporated in the Cayman Islands with limited liability)

Stock Code : 9896

## GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



(in alphabetical order)

Joint Lead Managers



(in alphabetical order)

# IMPORTANT

**Important:** If you have doubt about any of the contents in this document, you should obtain independent professional advice.



## MINISO Group Holding Limited 名創優品集團控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

### GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 41,100,000 Offer Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 4,110,000 Offer Shares (subject to reallocation)
Number of International Offer Shares	: 36,990,000 Offer Shares (subject to reallocation and the Over-allotment Option)
Maximum Public Offer Price	: HK\$22.10 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.005% and the FRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: US\$0.00001 per Offer Share
Stock code	: 9896

*Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers*



(in alphabetical order)

*Joint Lead Managers*



(in alphabetical order)

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 document, 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 document.

A copy of this document, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display – Documents Delivered to the Registrar of Companies" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by section 342C 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 document or any other document referred to above.

The Public Offer Price and International Offer Price are expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, July 6, 2022 and, in any event, not later than Thursday, July 7, 2022. The Public Offer Price will be not more than HK\$22.10 unless otherwise announced. If, for any reason, the pricing of the Offer Shares is not agreed by Thursday, July 7, 2022 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the NYSE on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this document and/or (b) we believe that it is in its best interest as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the book-building process. If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will we set the Public Offer Price above the maximum Public Offer Price as stated in this document or the International Offer Price.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the Company's consent, reduce the number of Offer Shares being offered under the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this document.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors".

The ADSs of the Company, each of which represents four Shares, are listed for trading on the New York Stock Exchange under the symbol "MNSO". The last reported sale price of the ADSs on the New York Stock Exchange on June 27, 2022 (U.S. Eastern Time) was US\$8.75 per ADS. In connection with the Global Offering, we have filed a registration statement on Form F-3 and a preliminary prospectus supplement and plan to file a final prospectus supplement with the SEC to register the sale of Shares under the U.S. Securities Act.

**NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

#### ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering pursuant to Rule 12.11 of the Listing Rules. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This document is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [ir.miniso.com](http://ir.miniso.com). If you require a printed copy of this document, you may download and print from the website addresses above.

June 30, 2022

---

## IMPORTANT

---

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>
200	4,464.55	3,000	66,968.21	40,000	892,909.40	300,000	6,696,820.46
400	8,929.09	4,000	89,290.94	50,000	1,116,136.75	350,000	7,812,957.20
600	13,393.64	5,000	111,613.68	60,000	1,339,364.09	400,000	8,929,093.94
800	17,858.19	6,000	133,936.41	70,000	1,562,591.44	450,000	10,045,230.69
1,000	22,322.74	7,000	156,259.15	80,000	1,785,818.79	500,000	11,161,367.43
1,200	26,787.29	8,000	178,581.88	90,000	2,009,046.13	1,000,000	22,322,734.85
1,400	31,251.84	9,000	200,904.62	100,000	2,232,273.49	1,500,000	33,484,102.28
1,600	35,716.37	10,000	223,227.35	150,000	3,348,410.23	2,055,000 <sup>(1)</sup>	45,873,220.12
1,800	40,180.92	20,000	446,454.69	200,000	4,464,546.97		
2,000	44,645.47	30,000	669,682.04	250,000	5,580,683.72		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

---

## EXPECTED TIMETABLE

---

Hong Kong Public Offering commences .....9:00 a.m. on Thursday,  
June 30, 2022

Latest time for completing electronic applications  
under the **White Form eIPO** service through the  
designated website at [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> .....11:30 a.m. on Wednesday,  
July 6, 2022

Application lists open<sup>(3)</sup> .....11:45 a.m. on Wednesday,  
July 6, 2022

Latest time for (a) completing payment for **White Form eIPO**  
applications by effecting internet banking transfer(s)  
or PPS payment transfer(s) and (b) giving **electronic**  
**application instructions** to HKSCC .....12:00 noon on Wednesday,  
July 6, 2022

If you are instructing 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, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close<sup>(3)</sup> .....12:00 noon on Wednesday,  
July 6, 2022

Expected Price Determination Date<sup>(4)</sup> .....Wednesday, July 6, 2022

Announcement of the final Public Offer Price  
and the International Offer Price on or around<sup>(4)</sup> .....Wednesday, July 6, 2022

Announcement of the level of indications of interest in  
the International Offering, the level of applications  
in the Hong Kong Public Offering and the basis of  
allocations of the Hong Kong Offer Shares to be published  
on our website at [ir.miniso.com](http://ir.miniso.com)<sup>(5)</sup> and the website of  
the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk)  
on or before .....Tuesday, July 12, 2022

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

(1) in the announcement to be posted on our website  
at [ir.miniso.com](http://ir.miniso.com) and the website of the  
Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk),  
respectively from .....Tuesday, July 12, 2022



---

## EXPECTED TIMETABLE

---

(2) Results of allocations in the Hong Kong Public Offering to be available at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function from . . . . . 8:00 a.m. on Tuesday, July 12, 2022 to 12:00 midnight on Monday, July 18, 2022

(3) From the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . Tuesday, July 12, 2022 to Friday, July 15, 2022

Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before<sup>(6)(8)</sup> . . . . . Tuesday, July 12, 2022

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Public Offer Price is less than the price payable on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before<sup>(7)(8)</sup> . . . . . Tuesday, July 12, 2022

Dealings in the Ordinary Shares on the Stock Exchange expected to commence at . . . . . 9:00 a.m. on Wednesday, July 13, 2022

*Notes:*

- (1) All dates and times refer to Hong Kong dates and times.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at [www.eipo.com.hk](http://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 the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 6, 2022, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening and Closing of the Application Lists.”
- (4) The Price Determination Date is expected to be on or around Wednesday, July 6, 2022 and, in any event, not later than Thursday, July 7, 2022. If, for any reason, we do not agree with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Thursday, July 7, 2022, the Global Offering will not proceed and will lapse. We expect to announce the pricing of the Offer Shares on or around the Price Determination Date.
- (5) None of the website or any of the information contained thereon forms part of this prospectus.

---

## EXPECTED TIMETABLE

---

- (6) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, July 13, 2022, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.
- (7) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Public Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
- (8) Applicants who have applied through the **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person 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, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, July 12, 2022 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to the section headed "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies – Personal Collection – (ii) If you apply through **CCASS EIPO** service" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares – 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies."

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Company will make an announcement as soon as practicable thereafter.

---

## CONTENTS

---

### IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

*This document is issued by the Company 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 buy any security other than the Hong Kong Offer Shares offered by this document pursuant to the Hong Kong Public Offering. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a public offering and the offering and sale 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.*

*You should rely only on the information contained in this document and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this document. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document and the Application Forms must not be relied on by you as having been authorised by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.*

	<i>Page</i>
<b>Expected Timetable</b> .....	i
<b>Contents</b> .....	iv
<b>Summary</b> .....	1
<b>Definitions</b> .....	49
<b>Glossary of Technical Terms</b> .....	61
<b>Forward-looking Statements</b> .....	64
<b>Risk Factors</b> .....	65
<b>Waivers and Exemptions</b> .....	151

---

## CONTENTS

---

<b>Information about this document and the Global Offering</b> .....	167
<b>Directors and Parties Involved in the Global Offering</b> .....	177
<b>Corporate Information</b> .....	182
<b>Industry Overview</b> .....	185
<b>Regulations</b> .....	196
<b>History and Corporate Structure</b> .....	213
<b>Business</b> .....	227
<b>Financial Information</b> .....	295
<b>Relationship with the Controlling Shareholders</b> .....	364
<b>Connected Transactions</b> .....	369
<b>Share Capital</b> .....	374
<b>Substantial Shareholders</b> .....	378
<b>Directors and Senior Management</b> .....	380
<b>Future Plans and Use of Proceeds</b> .....	392
<b>Underwriting</b> .....	399
<b>Structure of the Global Offering</b> .....	412
<b>How to Apply for Hong Kong Offer Shares</b> .....	424
<b>Appendix IA</b> <b>Accountants' Report</b> .....	IA-1
<b>Appendix IB</b> <b>Unaudited Condensed Interim Financial Statements</b> .....	IB-1
<b>Appendix II</b> <b>Unaudited Pro Forma Financial Information</b> .....	II-1
<b>Appendix III</b> <b>Property Valuation Report</b> .....	III-1
<b>Appendix IV</b> <b>Summary of the Constitution of the Company and Cayman Islands Company Law</b> .....	IV-1
<b>Appendix V</b> <b>Statutory and General Information</b> .....	V-1
<b>Appendix VI</b> <b>Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display</b> .....	VI-1

---

## SUMMARY

---

*This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed “Risk factors”. You should read the entire document carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of technical terms”.*

### OVERVIEW

We are a global retailer offering a variety of design-led lifestyle products. Within nine years since we opened our first store in China in 2013, we have successfully incubated two brands – MINISO and TOP TOY. In 2021, the aggregate GMV of products sold through our MINISO network reached approximately RMB18.0 billion (US\$2.8 billion), making us the largest global branded variety retailer of lifestyle products according to the Frost & Sullivan Report. TOP TOY, a new brand we launched in December 2020 to pioneer the concept of pop toy collection stores, achieved a GMV of RMB374.4 million in 2021, ranking seventh in the pop toy industry in China, according to the same source.

We have built our flagship brand “MINISO” as a globally recognized retail brand and established a store network worldwide. According to the Frost & Sullivan Report, we had the most extensive global store network in the global branded variety retail industry in terms of number of countries and regions entered as of December 31, 2021, which encompassed over 5,000 MINISO stores, including over 3,100 MINISO stores in China and approximately 1,900 MINISO stores overseas. As of December 31, 2021, we had entered approximately 100 countries and regions throughout the world.

Observing an emerging pop toy culture, we leveraged our extensive retail know-how, supply chain capabilities, and established a platform to launch the “TOP TOY” brand with the strategic goal of entering into the pop toy market and eventually building our platform of pop toys. We believe that our “TOP TOY” brand is highly complementary to our “MINISO” brand, as it caters to a broader consumer demographic with a much wider product price range and higher average order value. Our experience as a leading global retailer has helped us realize our strategic goal with TOP TOY and make rapid headway in the pop toy market in China. We had a total of 89 TOP TOY stores as of December 31, 2021, which ranked third among major brands in China’s pop toy market as of December 31, 2021, according to the Frost & Sullivan Report. During the Track Record Period, the vast majority of the revenue from TOP TOY was derived from the sales of third-party branded products with a small portion generated from the sales of co-developed IP products and in-house incubated IP products.



---

## SUMMARY

---

Design, quality, and affordability are at the core of every MINISO product we deliver, and we continually and frequently roll out MINISO products of these qualities. In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs under the “MINISO” brand per month, and offered consumers a wide selection of over 8,800 core SKUs, the vast majority of which are under the “MINISO” brand. Our MINISO product offering spans across 11 major categories, including home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts. Under the TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021 across 8 major categories, including blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji, sculptures, and other popular toys.

We believe a quality offline retail experience is essential for our ability to retain and attract consumers and maintain their engagement. We therefore promote a relaxing, treasure-hunting, and engaging shopping experience that appeals to all demographics regardless of their cultural background and the geographical location of the stores. In particular, we organize pop toy workshops and shows in our TOP TOY stores and various other offline events where consumers can simply enjoy and have fun, making the offline retail experience more immersive and engaging for consumers in the process. Our focus on delivering distinct value propositions within a relaxing and engaging shopping environment generates excitement and encourages frequent visits, allowing us to build a large and loyal base of consumers mostly from the younger generations.

Our path to success in our home market, China, where we had expanded to approximately over 3,100 MINISO store as of December 31, 2021, depends on the effectiveness and scalability of our MINISO Retail Partner model. Under this model, MINISO Retail Partners mobilize their resources to open and operate their own MINISO stores at optimal locations and shoulder the associated capital expenditure and operating expenses, while we let them use our brand and provide them with valuable guidance on key aspects of store operation in exchange for a pre-agreed portion of in-store sales proceeds. The MINISO Retail Partners keep the remaining sales proceeds and we retain inventory ownership until in-store sale to consumers. The MINISO Retail Partner model aligns the interests and creates mutual benefits between us and the MINISO Retail Partners, allowing us to achieve rapid store network expansion with consistent brand image and consumer experience in an asset-light manner, and enabling our MINISO Retail Partners to attain attractive investment returns. Based on a survey conducted by Frost & Sullivan, our MINISO Retail Partners in China generally recover their store investment in a period of 12 to 15 months after store opening. Our MINISO Retail Partners are also motivated to maintain a loyal relationship with us. As of December 31, 2021, 475 of our 860 MINISO Retail Partners had invested in MINISO stores for over 3 years.

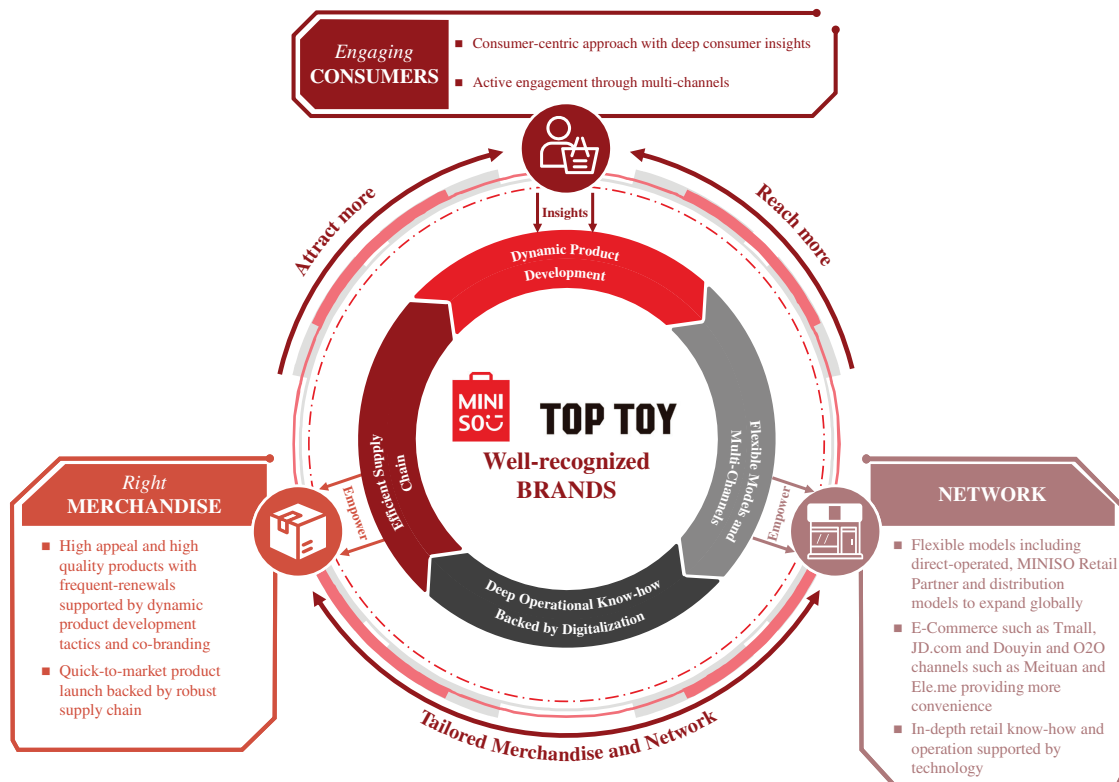
Our rich product design, relaxing shopping experience, efficient supply chain, and deep operation know-how backed by digitalization make our business highly scalable globally. Since we opened our first MINISO store in China in 2013, we had expanded to approximately 1,900 MINISO stores by entering into approximately 100 countries and regions outside of China as of December 31, 2021. We accomplished such international store expansion under flexible models tailored to local conditions, including direct operation, the MINISO Retail Partner

## SUMMARY

model, and partnership with local distributors. Our insights into local consumer tastes and preferences and our sourcing capabilities enable us to meet the local demands in each international market. As a testament to our expanding international operation, our revenue from markets outside of China accounted for 32.3% and 32.7% of our total revenue for the fiscal years ended June 30, 2019 and 2020, respectively. Although the percentage decreased to 19.6% for the fiscal year ended June 30, 2021 due to the negative impact of the COVID-19 pandemic on the international markets, we managed to improve it to 24.7% for the six months ended December 31, 2021.

### Our Business Model

The following diagram illustrates our business model and the various participants in our business:



---

## SUMMARY

---

We have adopted a range of flexible store operation models, including MINISO Retail Partner model, distributor model and direct operation model, as we expand our footprints in China and globally. The following table is a brief summary of the main differences among these models:

	<b>MINISO Retail Partner model</b>	<b>Distributor model</b>	<b>Direct operation model</b>
Relationship with party	Seller-buyer relationship in which MINISO Retail Partners enter into sales agreements, license agreements, and store renovation agreements with the Company	Seller-buyer relationship in which distributors enter into license agreements and sales agreements with the Company	Not applicable
Costs and risks borne by each party	<p>MINISO Retail Partners bear (i) initial capital expenditure, (ii) inventory deposit and (iii) costs associated with store operation, such as rental, salary, logistics expenses from our warehouse to stores, utilities, expenses related to discretionary promotional campaigns and store management and consultation services fee, and risks associated with investment recovery and store operations, among others</p> <p>The Company bears expenses related to (i) product design and development, such as IP licensing fees, (ii) supply chain management, such as logistics expenses from supplier to our warehouse and (iii) brand management, such as brand advertisement, and risks associated with brand and reputation, among others</p>	<p>Distributors bear similar costs and risks to those under MINISO Retail Partner model</p> <p>The Company bears similar costs and risks to those under MINISO Retail Partner model, and less oversight on operations, among others</p>	The Company bears all associated costs and risks

---

## SUMMARY

---

	<b>MINISO Retail Partner model</b>	<b>Distributor model</b>	<b>Direct operation model</b>
Revenue recognition	The Company recognizes revenue from product sales to MINISO Retail Partners when MINISO Retail Partners sell products to end-customers	The Company recognizes revenue from product sales to distributors when the products are shipped from or delivered to the locations specified in sales agreements	The Company recognizes revenue when the products are sold to customers
Services and assistances provided by the Company for store operations	Store management and consultation services, mainly including store layout and decoration, interior design, staff training, pricing, product curation and inventory replenishment	Provision of staff training and other guidance in terms of store operation, less operational involvement compared to MINISO Retail Partners model	The Company manages the stores directly
Inventory risk	The Company has inventory ownership until the goods are sold to end-customers. MINISO Retail Partners take risks of inventory as they are responsible for the placement, physical custody and condition of the merchandise that they have selected after the deliveries are accepted in stores.	The distributors take ownership of the products and assume the risk of loss when the products are shipped from or delivered to the locations specified in sales agreements	The Company takes ownership of the products and assumes the risk of loss
Store management responsibility	Mainly on MINISO Retail Partners, but the Company constantly monitors the operations of MINISO Retail Partner stores to help them customize merchandise mix and product display at a store level and advise on inventory management on a real-time basis, in addition to providing store management and consultation services to optimize and unify store operations in key aspects	Mainly on distributors, but the license agreements set out a set of operational standards for local distributors to follow and the Company has the right to supervise the operation of distributor stores	The Company

---

## SUMMARY

---

	<b>MINISO Retail Partner model</b>	<b>Distributor model</b>	<b>Direct operation model</b>
Major business decisions	<p>MINISO Retail Partners are responsible for staff recruitment, have the right to close down the store in accordance with the relevant agreements, and can decide what types of products to include, provided that they only offer products supplied by the Company</p> <p>Generally, MINISO Retail Partners are able to set the retail price of the products to be sold in store within a specified range of the price recommended by the Company for the same products with the Company's written consent</p>	<p>Distributors are responsible for staff recruitment, have the right to close down the store in accordance with the relevant agreements and can decide what types of products to include, provided only offer products supplied by the Company or with the Company's written consent to sell other products</p> <p>Distributors have pricing right over the inventory sold in store but the Company usually has the right to make recommendations</p>	The Company makes all business decisions
Term	Generally not more than three years and renewable upon negotiation prior to the termination of the agreement	Usually have a term of two to ten years	Not applicable

### **Our Products**

Our flagship brand “MINISO” offers a frequently-refreshed assortment lifestyle products covering diverse consumer needs, and consumers are attracted to our products’ trendiness, creativeness, high quality and affordability. Our MINISO product offering encompassed about 8,800 core SKUs in the fiscal year ended June 30, 2021 across 11 major categories: home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts. In December 2020, we launched a new brand, “TOP TOY,” which is committed to building our platform of pop toys. Under the fast-growing TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021 across 8 major categories: blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji, sculptures, and other popular toys.



## SUMMARY

We are able to deliver our value propositions by leveraging our supply chain capabilities that are built on China’s large supply chain, our large procurement volumes, our punctual payment to suppliers, and our digitalized, continuously optimized supply chain, which collectively contribute to our overall supply chain efficiency and procurement cost advantages.

### OUR STORE NETWORK

As of December 31, 2021, we served consumers primarily through a network of over 5,000 MINISO stores, including over 3,100 MINISO stores in China and approximately 1,900 MINISO stores overseas. The following table shows the number of MINISO stores in China and internationally as of the dates presented:

	As of June 30,			As of December 31,	
	2019	2020	2021	2020	2021
<b>Number of MINISO stores<sup>1</sup></b>					
<b>China</b>	<b>2,311</b>	<b>2,533</b>	<b>2,939</b>	<b>2,768</b>	<b>3,168</b>
Directly operated stores	9	7	5	5	5
Stores operated under MINISO Retail					
Partner model	2,288	2,513	2,919	2,746	3,146
Stores operated under distributor model	14	13	15	17	17
<b>Overseas<sup>2</sup></b>	<b>1,414</b>	<b>1,689</b>	<b>1,810</b>	<b>1,746</b>	<b>1,877</b>
Directly operated stores	74	122	127	105	136
Stores operated under MINISO Retail					
Partner model	165	193	195	194	203
Stores operated under distributor model	1,175	1,374	1,488	1,447	1,538
<b>Total</b>	<b>3,725</b>	<b>4,222</b>	<b>4,749</b>	<b>4,514</b>	<b>5,045</b>

*Note:*

- 1 For details of the changes in the number of MINISO stores during the Track Record Period, please see “Business – Our Store Network – Store Operation in China,” and “Business – Our Store Network – Store Operation Overseas.”
- 2 Overseas stores exclude a small number of stores under certain overseas businesses that we had disposed of as of June 30, 2020. We completed such business disposal during the period from December 2019 to April 2020. See “Financial Information–Discontinued Operations.” After the disposal, these excluded stores may continue to have business transactions with us, such as purchases of lifestyle products from us, as some of the stores were disposed to local distributors.

---

## SUMMARY

---

Below is a brief summary of our key criteria and strategies for deciding which store operation models to use in our expansion in China and overseas:

- China:
  - The MINISO Retail Partner model has been and will continue to be our first choice when opening new stores, as this model represents a mutually beneficial relationship between us and the MINISO Retail Partners that allows us to achieve rapid store network expansion with consistent brand image and consumer experience in an asset-light manner and that allows our MINISO Retail Partners to attain attractive investment opportunities. See “Business – Our Store Network – Store Operation in China” for further details. Therefore, apart from a small number of directly operated stores and a few store operated by one distributor in Tibet, all of our other MINISO stores are operated and will be operated under the MINISO Retail Partner model.
  - We maintain a small number of directly operated stores in China primarily for the following reasons: (i) PRC laws and regulations require a franchiser to have at least two directly operated stores and to have operated each of the two directly operated stores for over one year before engaging in franchising activities; and (ii) some of our directly operated stores act as our flagship stores that play an important role in maintaining and improving our brand image, and therefore we keep them under direct operation to demonstrate our store management operational standards.
- Overseas:
  - In the majority of international markets, we expand our store network by collaborating with local distributors with abundant local resources and retail experience. The distributor model differs from the MINISO Retail Partner model in a few aspects, including that we have less operational involvement with distributors than with MINISO Retail Partners and that inventory ownership is generally transferred to distributors when inventory is shipped from or delivered to the locations specified in sales agreements, while we retain inventory ownership until in-store sale to end-customers under the MINISO Retail Partner model. See “Business – Our Store Network–Store Operation Overseas” for further details. We therefore consider the distributor model to be more suitable and prudent in terms of capital and risk management in our expansion in international markets, which vary significantly in terms of local market conditions and future potential and with which we are generally less familiar than China.
  - In strategic markets with large population and huge market potential such as North America and India, we typically enter the markets by first opening and operating stores on our own, which are meant to serve as pioneer stores in the

---

## SUMMARY

---

region. In this way, we can more efficiently and directly gain local consumer insights and operational know-how. When local business partners become interested after seeing the performance of our pioneer stores, we invite some of them to join under our MINISO Retail Partner model or distributor model to more rapidly expand our store network in these markets. See “Business – Our Store Network – Store Operation Overseas” for further details.

The following table shows the number of TOP TOY stores in China as of the dates presented since the launch of TOP TOY in December 2020:

	<b>As of</b>	<b>As of December 31,</b>	
	<b>June 30,</b>	<b>2020</b>	<b>2021</b>
	<b>2021</b>		
<b>Number of TOP TOY stores</b>			
Directly operated stores	2	1	5
Stores operated under MINISO Retail			
Partner model	31	4	84
<b>Total</b>	<b>33</b>	<b>5</b>	<b>89</b>

We plan to further expand our TOP TOY store network in China using primarily the MINISO Retail Partner model, and will be actively seeking opportunities to open pioneer stores overseas, probably initially as directly operated stores, for similar considerations as with MINISO stores as described above.

### OUR COMPETITIVE STRENGTHS

The following strengths have enabled us to become who we are today and will support our continued success:

- Our global retailer offering design-led lifestyle products;
- Our frequently-refreshed product assortment with universal appeal;
- Our efficient and digitalized supply chain;
- Our in-depth know-how and digitalization driving operational excellence;
- Our multi-channel operation and consumer engagement;
- Our global scalability and capability of penetrating into various tiers of cities; and
- Our experienced founder and entrepreneurial management team.

---

## SUMMARY

---

### OUR GROWTH STRATEGIES

We intend to pursue the following strategies to achieve further success.

- Expand and upgrade our store network;
- Enhance product development and supply chain capabilities;
- Deepen consumer engagement and drive multi-channel experience;
- Strengthen technological capabilities;
- Continue to invest in branding and incubate new brands; and
- Strategically explore investment and acquisition opportunities.

### OUR COMPETITIVE LANDSCAPE

#### Branded Variety Retail Market in China

According to the Frost & Sullivan Report, competition in the branded variety retail market in China is fierce and fragmented with more than 1,000 players. The top five players have an aggregate market share of approximately 18.6% in terms of GMV in 2021. In 2021, we generated GMV of RMB10.8 billion from our branded variety retail business in China and had a market share of 11.4% as well as a market share of 61.0% among the top five peers, ranking first by GMV in the branded variety retail market in China, according to the Frost & Sullivan Report. See “Industry Overview – China’s and Global Branded Variety Retail Markets – Branded Variety Retail Market in China” and “Business – Competition” for further details.

#### Global Branded Variety Retail Market

According to the Frost & Sullivan Report, competition in the global branded variety retail market is fierce and fragmented. The top five players have an aggregate market share of approximately 20.3% in terms of GMV in 2021. In 2021, we generated GMV of approximately RMB18.0 billion (US\$2.8 billion) from our branded variety retail business globally and had a market share of 6.7% as well as a market share of 32.9% among the top five peers, ranking first by GMV in the global branded variety retail market according to the Frost & Sullivan Report. See “Industry Overview – China’s and Global Branded Variety Retail Markets – Global Branded Variety Retail Market” and “Business – Competition” for further details.

#### Pop Toy Market in China

According to the Frost & Sullivan Report, the pop toy market in China is at the growth phase in the industry life cycle and has low concentration in terms of market share. In 2021, we generated GMV of RMB374.4 million from our pop toy business in China and had a market

---

## SUMMARY

---

share of 1.1%, ranking seventh in the pop toy market in China, according to the Frost & Sullivan Report. See “Industry Overview – Pop Toy Market in China”, “Business – Our Strengths – Global Retailer Offering Design-led Lifestyle Products” and “Business – Competition” for further details.

### **RISK FACTORS**

Our operations and the Global Offering involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See the section headed “Risk Factors” for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- Our success depends upon the continued strength of our brands. If we are unable to maintain and enhance our brands, our business and operating results may be adversely affected.
- The growth and profitability of our business depend on the level of consumer demand and discretionary spending. A severe or prolonged economic downturn in China or around the world could materially and adversely affect consumer discretionary spending and therefore adversely affect our business, financial condition and results of operations.
- Our success is dependent on the continued popularity of our products, our continued innovation and successful launches of new products, and our anticipation of and timely responses to changes in consumer preferences.
- If we are unable to offer our products at prices that are highly appealing to consumers or maintain competitive prices, our business and results of operations would be materially and adversely affected.
- We primarily rely on our retail partners and distributors to expand our store network. If we are unable to expand our store network successfully, our business, results of operations would be adversely affected.
- If we fail to maintain the relationship with our MINISO Retail Partners or our local distributors or fail to attract new MINISO Retail Partners or local distributors to join our store network, our business, results of operations and financial condition could be materially and adversely affected.



## SUMMARY

- The ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, in 2024 if the PCAOB is unable to inspect or fully investigate auditors located in China, or as early as 2023 if proposed changes to the law are enacted. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. As of the Latest Practicable Date, we had not been identified as a Commission-Identified Issuer by the SEC pursuant to the HFCAA and its implementation rules.
- Our operations have been and may continue to be affected by COVID-19 pandemic.
- Illegal actions or misconduct of our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, third-party suppliers or other service providers, or any failure by them to provide satisfactory products or services could materially and adversely affect our business, reputation, financial condition and results of operations.
- Should a product liability issue, recall or personal injury issue arise, it may damage our reputation and brand image, which may result in a material adverse effect on our business, reputation, results of operations and financial condition.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix IA. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this documents, including the related notes. Our consolidated financial information has been prepared in accordance with IFRS.

#### Selected Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amounts for the periods indicated:

	For the fiscal year ended June 30,			For the six months ended December 31,			
	2019	2020	2021	2020	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
							<i>(Unaudited)</i>
							<i>(in thousands)</i>
<b>Continuing operations:</b>							
Revenue	9,394,911	8,978,986	9,071,659	1,423,542	4,369,860	5,426,908	851,600
Cost of sales <sup>(1)</sup>	(6,883,931)	(6,246,488)	(6,640,973)	(1,042,114)	(3,204,716)	(3,835,566)	(601,884)

## SUMMARY

	For the fiscal year ended June 30,			For the six months ended December 31,			
	2019	2020	2021	2020	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	(Unaudited)						
	(in thousands)						
<b>Gross profit</b>	2,510,980	2,732,498	2,430,686	381,428	1,165,144	1,591,342	249,716
Other income	10,468	37,208	52,140	8,182	43,804	18,586	2,917
Selling and distribution expenses <sup>(2)</sup>	(818,318)	(1,190,477)	(1,206,782)	(189,370)	(627,492)	(725,622)	(113,866)
General and administrative expenses <sup>(2)</sup>	(593,205)	(796,435)	(810,829)	(127,237)	(441,163)	(432,696)	(67,899)
Other net income/(loss)	24,423	45,997	(40,407)	(6,341)	(70,755)	45,964	7,213
Credit loss on trade and other receivables	(90,124)	(25,366)	(20,832)	(3,269)	(17,387)	(19,091)	(2,996)
Impairment loss on non-current assets	(27,542)	(36,844)	(2,941)	(462)	–	(9,536)	(1,496)
<b>Operating profit</b>	1,016,682	766,581	401,035	62,931	52,151	468,947	73,589
Finance income	7,311	25,608	40,433	6,345	23,044	26,437	4,149
Finance costs	(25,209)	(31,338)	(28,362)	(4,451)	(13,860)	(17,266)	(2,709)
Net finance (costs)/income	(17,898)	(5,730)	12,071	1,894	9,184	9,171	1,440
Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	(709,780)	(680,033)	(1,625,287)	(255,043)	(1,625,287)	–	–
Share of loss of equity-accounted investee, net of tax	–	–	(4,011)	(629)	–	(8,162)	(1,281)
<b>Profit/(loss) before taxation</b>	289,004	80,818	(1,216,192)	(190,847)	(1,563,952)	469,956	73,748
Income tax expense	(279,583)	(210,949)	(213,255)	(33,464)	(91,615)	(131,338)	(20,610)
<b>Profit/(loss) for the year/period from continuing operations</b>	9,421	(130,131)	(1,429,447)	(224,311)	(1,655,567)	338,618	53,138
<b>Discontinued operations:</b>							
Loss for the year/period from discontinued operations, net of tax	(303,830)	(130,045)	–	–	–	–	–
<b>(Loss)/profit for the year/period</b>	<u>(294,409)</u>	<u>(260,176)</u>	<u>(1,429,447)</u>	<u>(224,311)</u>	<u>(1,655,567)</u>	<u>338,618</u>	<u>53,138</u>

## SUMMARY

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	(Unaudited)						
	(in thousands)						
<b>(Loss)/profit for the year/period attributable to:</b>							
Equity shareholders of the Company	(290,647)	(262,267)	(1,415,010)	(222,046)	(1,651,857)	336,779	52,849
– Continuing operations	13,183	(132,222)	(1,415,010)	(222,046)	(1,651,857)	336,779	52,849
– Discontinued operations	(303,830)	(130,045)	–	–	–	–	–
Non-controlling interests	(3,762)	2,091	(14,437)	(2,265)	(3,710)	1,839	289
– Continuing operations	(3,762)	2,091	(14,437)	(2,265)	(3,710)	1,839	289

*Notes:*

- (1) Our cost of sales mainly consists of cost of inventories. Cost of inventories accounted for 100.0%, 100.0%, 99.1%, 99.2% and 98.1% of our total cost of sales for the fiscal year ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2020 and 2021. Other than cost of inventories, cost of sales also include logistics expenses and depreciation and amortization expense.
- (2) Equity-settled share-based payment expenses were allocated as follows:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	(Unaudited)						
	(in thousands)						
<b>Equity-settled share-based payment expenses:</b>							
Selling and distribution expenses	33,097	127,743	131,215	20,590	90,715	32,368	5,079
General and administrative expenses	88,961	236,637	150,104	23,555	125,662	18,032	2,830
<b>Total</b>	<b>122,058</b>	<b>364,380</b>	<b>281,319</b>	<b>44,145</b>	<b>216,377</b>	<b>50,400</b>	<b>7,909</b>

### Non-IFRS Financial Measure

In evaluating our business, we consider and use adjusted net profit, a non-IFRS measure, as a supplemental measure to review and assess our operating performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. We define adjusted net profit, a non-IFRS measure, as profit/(loss) from continuing operations excluding (i) fair value changes of paid-in capital subject to redemption and other preferential

---

## SUMMARY

---

rights/redeemable shares with other preferential rights, (ii) equity-settled share-based payment expenses, and (iii) employee compensation expenses related to non-forfeitable dividends related to unvested restricted shares.

We present adjusted net profit, a non-IFRS measure, because it is used by our management to evaluate our operating performance and formulate business plans. Adjusted net profit, a non-IFRS measure, enables our management to assess our operating results without considering the impacts of the aforementioned non-cash and other adjustment items. Accordingly, we believe that the use of this non-IFRS financial measure provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

This non-IFRS financial measure is not defined under IFRS and is not presented in accordance with IFRS. The non-IFRS financial measure has limitations as an analytical tool. One of the key limitations of using adjusted net profit, a non-IFRS measure, is that it does not reflect all items of income and expense that affect our operations.

Further, this non-IFRS measure may differ from the non-IFRS information used by other companies, including peer companies, and therefore its comparability may be limited.

The non-IFRS financial measure should not be considered in isolation or construed as an alternative to profit/(loss) or any other measure of performance. Investors are encouraged to review our historical non-IFRS financial measure in light of the most directly comparable IFRS measure, as shown below. The non-IFRS financial measure presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analyzing our data comparatively. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

We recorded adjusted net profit, a non-IFRS financial measure, of RMB841.3 million, RMB933.9 million and RMB477.2 million in the fiscal years ended June 30, 2019, 2020 and 2021, respectively. We also recorded adjusted net profit, a non-IFRS financial measure, of RMB389.0 million in the six months ended December 31, 2021. The following table reconciles our adjusted net profit, a non-IFRS measure, for the fiscal years ended June 30, 2019, 2020, 2021 and for the six months ended December 31, 2020 and 2021 to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit/(loss) for the year/period from continuing operations.

## SUMMARY

	For the fiscal year ended June 30,			For the six months ended December 31,			
	2019	2020	2021	2020	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
							<i>(Unaudited)</i>
							<i>(in thousands)</i>
<b>Reconciliation of profit/(loss) for the year/period from continuing operations to adjusted net profit:</b>							
<b>Profit/(loss) for the year/period from continuing operations</b>	9,421	(130,131)	(1,429,447)	(224,311)	(1,655,567)	338,618	53,138
Add back:							
Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	709,780	680,033	1,625,287	255,043	1,625,287	-	-
Equity-settled share-based payment expenses	122,058	364,380	281,319	44,145	216,377	50,400	7,909
Employee compensation expenses related to non-forfeitable dividends related to unvested restricted shares	-	19,664	-	-	-	-	-
<b>Adjusted net profit, a non-IFRS measure</b>	<b>841,259</b>	<b>933,946</b>	<b>477,159</b>	<b>74,877</b>	<b>186,097</b>	<b>389,018</b>	<b>61,047</b>

Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are related to preferred shares issued to investors prior to our initial public offering in the United States, after the completion of which this item is no longer recorded in our consolidated financial statements. Equity-settled share-based payment expenses are non-cash employee related expenses arising from grant of share incentive awards. Employee compensation expenses related to non-forfeitable dividends related to unvested restricted shares represent non-forfeitable dividend paid to employees in December 2019 in connection with restricted shares granted to them. These expenses were charged to our consolidated statements of profit or loss as such restricted shares were unvested at that time. This is an expense item recorded in our consolidated statements of profit or loss.

We recorded a loss of RMB130.1 million from continuing operations in the fiscal year ended June 30, 2020, compared to a profit of RMB9.4 million from continuing operations in the fiscal year ended June 30, 2019. This change, excluding the impact of a large amount of loss related to fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights, was mainly due to a substantial increase in equity-settled share-based payment expenses.



## SUMMARY

We recorded a loss of RMB1,429.4 million (US\$224.3 million) in the fiscal year ended June 30, 2021, compared to a loss of RMB260.2 million in the fiscal year ended June 30, 2020. This significant increase of net loss was mainly due to the loss related to fair value changes of our redeemable shares with other preferential rights. Excluding this effect, there was also a decrease in gross profit, which was mainly resulted from a decrease in revenue contribution from our international operations, which generally have a higher gross margin than our operations in China. International operations contributed 19.6% of our total revenue in the fiscal year ended June 30, 2021, compared to 32.7% in the fiscal year ended June 30, 2020.

We recorded a profit of RMB338.6 million (US\$53.1 million) in the six months ended December 31, 2021, compared to a loss of RMB1,655.6 million in the six months ended December 31, 2020. This change, excluding the impact of a large amount of loss related to fair value changes of redeemable shares with other preferential rights, was primarily due to an increase in revenue, which in turn was mainly as a result of (i) an increase in the number of MINISO stores and TOP TOY stores, (ii) gradual recovery of business operations of MINISO stores from the COVID-19 pandemic in overseas markets in the second half of 2021 compared to the second half of 2020, and (iii) increases in revenue from online sales and other sales channels as a result of our continued efforts in e-commerce initiative.

### Revenue

We primarily derive our revenue from sales of lifestyle and pop toy products through sales to MINISO Retail Partners, sales to offline distributors, retail sales in directly operated stores and through online channels. Other sources of revenue mainly include license fees from MINISO Retail Partners and distributors, and sales-based royalties and sales-based management and consultation service fees income from MINISO Retail Partners. The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by revenue source for the periods presented:

	For the fiscal year ended June 30,							For the six months ended December 31,				
	2019		2020		2021			2020		2021		
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	<i>(Unaudited)</i>											
	<i>(in thousands, except for percentages)</i>											
<b>Revenue:</b>												
- Sales of lifestyle and pop toy products:												
- Retail sales in self-operated stores	290,787	3.1	364,638	4.1	323,775	50,807	3.6	168,398	3.9	291,238	45,702	5.4
- Product sales to franchisees <sup>(1)</sup>	4,957,273	52.8	4,584,288	51.0	5,506,365	864,069	60.6	2,712,007	61.9	2,988,169	468,909	55.0
- Sales to offline distributors	3,067,207	32.6	2,683,829	29.9	1,509,840	236,927	16.6	684,296	15.7	1,073,836	168,508	19.8
- Online sales <sup>(2)</sup>	138,284	1.5	308,455	3.4	663,197	104,070	7.3	295,690	6.8	367,075	57,602	6.8
- Other sales channels <sup>(3)</sup>	11,118	0.1	114,204	1.3	33,499	5,257	0.4	12,804	0.3	97,293	15,267	1.8
Sub-total	8,464,669	90.1	8,055,414	89.7	8,036,676	1,261,130	88.5	3,873,195	88.6	4,817,611	755,988	88.8

## SUMMARY

	For the fiscal year ended June 30,						For the six months ended December 31,					
	2019		2020		2021		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(Unaudited)											
	(in thousands, except for percentages)											
- License fees, sales-based royalties, and sales-based management and consultation service fees:												
- Revenue from franchisees <sup>(1)</sup>												
- License fees	13,603	0.1	58,473	0.7	53,977	8,470	0.6	20,304	0.5	42,200	6,622	0.8
- Sales-based royalties	94,374	1.0	82,444	0.9	97,848	15,354	1.1	48,093	1.1	53,392	8,378	1.0
- Sales-based management and consultation service fees	491,005	5.2	426,731	4.8	488,138	76,600	5.4	240,465	5.5	263,002	41,272	4.8
- Revenue from offline distributors												
- License fees	13,620	0.1	19,996	0.2	18,415	2,890	0.2	10,390	0.2	9,172	1,439	0.2
Sub-total	612,602	6.5	587,644	6.6	658,378	103,314	7.3	319,252	7.3	367,766	57,711	6.8
- Others <sup>(4)</sup>	317,640	3.4	335,928	3.7	376,605	59,098	4.2	177,413	4.1	241,531	37,901	4.4
<b>Total</b>	<b>9,394,911</b>	<b>100.0</b>	<b>8,978,986</b>	<b>100.0</b>	<b>9,071,659</b>	<b>1,423,542</b>	<b>100.0</b>	<b>4,369,860</b>	<b>100.0</b>	<b>5,426,908</b>	<b>851,600</b>	<b>100.0</b>

*Notes:*

- (1) Represents sales to/revenue from MINISO Retail Partners.
- (2) Online sales does not include sales through O2O platforms, which are accounted for in sales through offline channels. Revenue generated from self-operated stores on third-party e-commerce platform accounted for over 90% of the total revenue generated through online sales during the Track Record Period.
- (3) “Other sales channels” mainly represents group-buying channels.
- (4) “Others” mainly represents sales of fixtures to franchisees and distributors.

## SUMMARY

The following tables sets forth our gross profit and gross profit margin broken down by revenue source for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
					<i>(Unaudited)</i>		
					<i>(in thousands)</i>		
<b>Gross profit:</b>							
- Sales of lifestyle and pop toy products:							
- Retail sales in self-operated stores	175,175	168,646	135,137	21,206	37,909	218,098	34,224
- Product sales to franchisees	818,381	843,526	919,152	144,235	450,386	531,867	83,462
- Sales to offline distributors	699,989	863,589	456,768	71,677	223,168	325,913	51,143
- Online Sales	22,594	79,795	125,412	19,680	65,889	81,961	12,861
- Other sales channels	6,644	45,648	11,209	1,759	4,067	14,409	2,261
Sub-total	1,722,783	2,001,204	1,647,678	258,557	781,419	1,172,248	183,951
- License fees, sales-based royalties, and sales-based management and consultation service fees:							
- Revenue from franchisees							
- License fees	13,603	58,473	53,977	8,470	20,304	42,200	6,622
- Sales-based royalties	94,374	82,444	97,848	15,354	48,093	53,392	8,378
- Sales-based management and consultation service fees	491,005	426,731	488,138	76,600	240,465	263,002	41,272
- Revenue from offline distributors							
- License fees	13,620	19,996	18,415	2,890	10,390	9,172	1,439
Sub-total	612,602	587,644	658,378	103,314	319,252	367,766	57,711
- Others	175,595	143,650	124,630	19,557	64,473	51,328	8,054
<b>Total</b>	<b>2,510,980</b>	<b>2,732,498</b>	<b>2,430,686</b>	<b>381,428</b>	<b>1,165,144</b>	<b>1,591,342</b>	<b>249,716</b>

## SUMMARY

	For the fiscal year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
				<i>(Unaudited)</i>	
<b>Gross profit margin (%):</b>					
– Sales of lifestyle and pop toy products:					
– Retail sales in self-operated stores	60.2	46.3	41.7	22.5	74.9
– Product sales to franchisees	16.5	18.4	16.7	16.6	17.8
– Sales to offline distributors	22.8	32.2	30.3	32.6	30.4
– Online Sales	16.3	25.9	18.9	22.3	22.3
– Other sales channels	59.8	40.0	33.5	31.8	14.8
Sub-total	20.4	24.8	20.5	20.2	24.3
– License fees, sales-based royalties, and sales-based management and consultation service fees:					
– Revenue from franchisees					
– License fees	100.0	100.0	100.0	100.0	100.0
– Sales-based royalties	100.0	100.0	100.0	100.0	100.0
– Sales-based management and consultation service fees	100.0	100.0	100.0	100.0	100.0
– Revenue from offline distributors					
– License fees	100.0	100.0	100.0	100.0	100.0
Sub-total	100.0	100.0	100.0	100.0	100.0
– Others	55.3	42.8	33.1	36.3	21.3
<b>Total</b>	<b>26.7</b>	<b>30.4</b>	<b>26.8</b>	<b>26.7</b>	<b>29.3</b>

Our gross profit margin for sales of lifestyle and pop toy products in self-operated stores increased from 22.5% for the six months ended December 31, 2020 to 74.9% for the six months ended December 31, 2021, primarily because (i) we conducted sales promotions mainly in overseas markets in response to the negative impact of the COVID-19 pandemic for the six months ended December 31, 2020 and such sales promotions were significantly reduced for the six months ended December 31, 2021 as our business operations in overseas markets gradually

## SUMMARY

recovered from the pandemic, (ii) an increase in revenue from co-branded IP products, which generally have higher gross profit margins, and (iii) an increase in revenue from self-operated stores in overseas markets, which generally have higher gross profit margins.

Our gross profit margin of the sales of lifestyle and pop toy products decreased from 24.8% in the fiscal year ended June 30, 2020 to 20.5% in the fiscal year ended June 30, 2021, primarily due to (i) a decrease in the gross profit margin of retail sales in self-operated stores from 46.3% to 41.7%, (ii) a decrease in the gross profit margin of product sales to franchisees from 18.4% to 16.7%, and (iii) a decrease in the gross profit margin of online sales from 25.9% to 18.9%, as a result of our efforts to accelerate the growth of our business through promotions to mitigate the impact of the restrictions imposed due to COVID-19.

Our gross profit margin of the others, which mainly represents sales of fixtures to franchisees and distributors, decreased from 42.8% in the fiscal year ended June 30, 2020 to 33.1% in the fiscal year ended June 30, 2021. Our gross profit margin of the others also decreased from 36.3% in the six months ended December 31, 2020 to 21.3% in the six months ended December 31, 2021. Both changes are primarily due to a higher sales of fixtures to franchisees at a relatively concessionary price.

Our revenue generated from sales of lifestyle and pop toy products to offline distributors decreased from RMB3.1 billion for the fiscal year ended June 30, 2019 to RMB2.7 billion for the fiscal year ended June 30, 2020 and further to RMB1.5 billion for the fiscal year ended June 30, 2021, primarily due to negative impacts of the COVID-19 pandemic in overseas markets. Our gross profit margin for sales of lifestyle and pop toy products to offline distributors was 22.8% for the fiscal year ended June 30, 2019, lower than 32.2% for the fiscal year ended June 30, 2020 and 30.3% for the fiscal year ended June 30, 2021, primarily due to (i) higher value-added tax rate we were subject to for the fiscal year ended June 30, 2019 before the Chinese government lowered the tax rate, and (ii) a lower portion of co-branded IP products for the fiscal year ended June 30, 2019, which generally have a higher gross profit margin.

The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by brand for the periods presented:

	For the fiscal year ended June 30,									For the six months ended December 31,					
	2019		2020		2021			2020		2021					
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%			
	<i>(Unaudited)</i>														
	<i>(in thousands, except for percentages)</i>														
<b>Revenue:</b>															
MINISO brand	9,143,883	97.3	8,721,620	97.1	8,735,947	1,370,861	96.3	4,237,663	97.0	5,074,106	796,238	93.5			
TOP TOY brand	-	-	-	-	98,241	15,416	1.1	2,617	0.1	240,328	37,713	4.4			
Others <sup>(1)</sup>	251,028	2.7	257,366	2.9	237,471	37,265	2.6	129,580	2.9	112,474	17,649	2.1			
<b>Total</b>	<b>9,394,911</b>	<b>100.0</b>	<b>8,978,986</b>	<b>100.0</b>	<b>9,071,659</b>	<b>1,423,542</b>	<b>100.0</b>	<b>4,369,860</b>	<b>100.0</b>	<b>5,426,908</b>	<b>851,600</b>	<b>100.0</b>			

## SUMMARY

*Note:*

(1) “Others” mainly represents “WonderLife” brand.

The following tables sets forth our gross profit and gross profit margin broken down by brand for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
					<i>(Unaudited)</i>		
					<i>(in thousands)</i>		
<b>Gross profit:</b>							
MINISO brand	2,465,501	2,673,959	2,372,677	372,325	1,137,240	1,559,260	244,682
TOP TOY brand	–	–	11,536	1,810	1,086	7,592	1,191
Others <sup>(1)</sup>	45,479	58,539	46,473	7,293	26,818	24,490	3,843
<b>Total</b>	<b>2,510,980</b>	<b>2,732,498</b>	<b>2,430,686</b>	<b>381,428</b>	<b>1,165,144</b>	<b>1,591,342</b>	<b>249,716</b>

*Note:*

(1) “Others” mainly represents “WonderLife” brand.

	For the fiscal year ended			For the	
	June 30,			six months ended	
	2019	2020	2021	2020	2021
				<i>(Unaudited)</i>	
<b>Gross profit margin (%):</b>					
MINISO brand	27.0	30.7	27.2	26.8	30.7
TOP TOY brand	–	–	11.7	41.5	3.2
Others <sup>(1)</sup>	18.1	22.7	19.6	20.7	21.8
<b>Total</b>	<b>26.7</b>	<b>30.4</b>	<b>26.8</b>	<b>26.7</b>	<b>29.3</b>

*Note:*

(1) “Others” mainly represents “WonderLife” brand.

## SUMMARY

Our gross profit margin of TOP TOY brand decreased from 41.5% in the six months ended December 31, 2020 to 11.7% in the full year ended June 30, 2021 primarily due to the change in the mix of sales channels of TOP TOY brand with a significantly increasing portion of sales to franchisees as we only launched this brand in December 2020, and it further dropped to 3.2% in the six months ended December 31, 2021 resulting from the increase in sales to franchisees and a higher sales of fixtures to franchisees at a relatively concessionary price, in the six months ended December 31, 2021.

We adopt a cost plus mark-up pricing strategy for products we sell. The products we sell are manufactured by third-party manufacturers. We set prices for the products to be sold to customers based on purchase costs plus a mark-up and the vast majority of the products under different categories have similar gross profit margins. As a result, the level of our gross profit margin is dependent on the level of mark-ups we added on top of costs we incurred.

The following table sets forth a breakdown of revenue from TOP TOY business for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(Unaudited)</i>						
	<i>(in thousands)</i>						
Sales of pop toys	–	–	60,606	9,510	2,327	172,262	27,032
License fees, sales-based royalties, sales-based management and consultation service fees	–	–	4,617	725	–	7,460	1,171
Others <sup>(1)</sup>	–	–	33,018	5,181	290	60,606	9,510
<b>Total</b>	–	–	98,241	15,416	2,617	240,328	37,713

*Note:*

(1) “Others” mainly represents sales of fixtures to franchisees.

We launched TOP TOY business in December 2020. Revenue from TOP TOY brand increased from RMB2.6 million in the six months ended December 31, 2020 to RMB240.3 million in the six months ended December 31, 2021, primarily due to an increase in the number of TOP TOY stores. The number of TOP TOY stores increased rapidly to 89 as of December 31, 2021. Also, we further launched online sales of products under TOP TOY brand in 2021 and generated a revenue of RMB15.9 million in the six month ended December 31, 2021, which also contributed to the revenue growth from the six months ended December 31, 2020 to the



## SUMMARY

six months ended December 31, 2021. Others mainly represents sales of fixtures to franchisees, which increased significantly from RMB0.3 million in the six months ended December 31, 2020 to RMB60.6 million in the six months ended December 31, 2021. The increase was primarily due to the rapid increase in the number of TOP TOY stores and our retail partners purchased store construction and decoration materials from us for stores they operate.

The following table breaks down our revenue by geographic region for the periods presented:

	For the fiscal year ended June 30,							For the six months ended December 31,					
	2019		2020		2021			2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%	
	(Unaudited)												
	(in thousands, except for percentages)												
<b>Revenue:</b>													
China	6,363,998	67.7	6,044,100	67.3	7,291,219	1,144,152	80.4	3,556,678	81.4	4,086,285	641,227	75.3	
Asian countries excluding China	1,738,348	18.5	1,428,035	15.9	961,622	150,899	10.6	424,878	9.7	571,636	89,702	10.5	
Americas	1,049,334	11.2	1,221,058	13.6	584,630	91,741	6.4	277,743	6.4	595,630	93,467	11.0	
Europe	124,600	1.3	172,169	1.9	117,214	18,393	1.3	64,260	1.5	119,013	18,676	2.2	
Others	118,631	1.3	113,624	1.3	116,974	18,357	1.3	46,301	1.0	54,344	8,528	1.0	
<b>Total</b>	<b>9,394,911</b>	<b>100.0</b>	<b>8,978,986</b>	<b>100.0</b>	<b>9,071,659</b>	<b>1,423,542</b>	<b>100.0</b>	<b>4,369,860</b>	<b>100.0</b>	<b>5,426,908</b>	<b>851,600</b>	<b>100.0</b>	

The following tables sets forth our gross profit and gross profit margin for our operations in China and overseas markets for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(Unaudited)						
	(in thousands)						
<b>Gross profit:</b>							
China	1,636,030	1,662,512	1,813,068	284,510	893,868	1,026,520	161,083
Overseas markets	874,950	1,069,986	617,618	96,918	271,276	564,822	88,633
<b>Total</b>	<b>2,510,980</b>	<b>2,732,498</b>	<b>2,430,686</b>	<b>381,428</b>	<b>1,165,144</b>	<b>1,591,342</b>	<b>249,716</b>

## SUMMARY

	For the fiscal year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
				<i>(Unaudited)</i>	
<b>Gross profit margin (%):</b>					
China	25.7	27.5	24.9	25.1	25.1
Overseas markets	28.9	36.5	34.7	33.4	42.1
<b>Overall</b>	26.7	30.4	26.8	26.7	29.3

Our gross profit margin of our operations in China increased from 25.7% in the fiscal year ended June 30, 2019 to 27.5% in the fiscal year ended June 30, 2020, and our gross profit margin in overseas markets increased from 28.9% in the fiscal year ended June 30, 2019 to 36.5% in the fiscal year ended June 30, 2020. Both changes are primarily due to (i) a decrease in our applicable value-added tax rate, and (ii) the overall expansion of our co-branded IP product offering, which typically has a higher gross profit margin. For the fiscal year ended June 30, 2020, we launched cooperation with Disney and realized a substantial growth in the number of SKUs co-developed with Marvel.

Our gross profit margin of our operations in China decreased from 27.5% in the fiscal year ended June 30, 2020 to 24.9% in the fiscal year ended June 30, 2021, and our gross profit margin in overseas markets decreased from 36.5% in the fiscal year ended June 30, 2020 to 34.7% in the fiscal year ended June 30, 2021. Both changes are primarily due to our efforts to accelerate the growth of our business through promotions to mitigate the impact of the restrictions imposed due to COVID-19.

Our gross profit margin of our operations in China remained stable in the six months ended December 31, 2020 and 2021, respectively. Our gross profit margin of our operations in overseas markets increased from 33.4% in the six months ended December 31, 2020 to 42.1% in the six months ended December 31, 2021, primarily due to an increased revenue contribution from our directly operated markets, which generally have a higher gross profit margin. In addition, our gross profit margin was also positively affected by our expanded IP product offering, which generally has a higher gross profit margin. For the six months ended December 31, 2021, we further expanded our cooperation with IP licensors and realized a substantial growth in the number of SKUs co-developed with IP licensors such as Marvel and Disney.

Our revenue decreased by 4.4% from RMB9,394.9 million in the fiscal year ended June 30, 2019 to RMB8,979.0 million in the fiscal year ended June 30, 2020, which was attributable to a decrease in sales of our products by 4.8% from RMB8,464.7 million to RMB8,055.4 million, as well as a decrease in revenue from license fees, sales-based royalties, and management and consultation service fees by 4.1% from RMB612.6 million to RMB587.6 million.

---

## SUMMARY

---

The decrease in our revenue was mainly attributable to the negative impact of COVID-19 on our China and international operations during the period. As a result of the temporary store closures, reduction of operating hours and shipment suspensions caused by COVID-19, our revenue generated from China market decreased by 5.0% from RMB6,364.0 million in the fiscal year ended June 30, 2019 to RMB6,044.1 million in the fiscal year ended June 30, 2020, and our revenue generated from international markets decreased by 3.2% from RMB3,030.9 million to RMB2,934.9 million during the same period. See “Financial Information – Impact of COVID-19 on Our Operations and Financial Performance.”

Our revenue increased by 1.0% from RMB8,979.0 million in the fiscal year ended June 30, 2020 to RMB9,071.7 million (US\$1,423.5 million) in the fiscal year ended June 30, 2021, mainly attributable to an increase in revenue generated from our operations in China, partially offset by a decrease in our revenue generated from international markets. Revenue generated from our operations in China was RMB7,291.2 million (US\$1,144.2 million) in the fiscal year ended June 30, 2021, increasing by 20.6% from RMB6,044.1 million in the fiscal year ended June 30, 2020. The increase in revenue from the China market was primarily due to (i) an increase in the average number of MINISO stores and revenue per MINISO store in China, (ii) an increase in revenue from e-commerce business as we put in more resources in e-commerce business to counter the negative impact of the pandemic, and (iii) a revenue contribution from TOP TOY business, which we launched in December 2020.

The COVID-19 pandemic continued to impact our operations and results, especially in our international operations during the fiscal year ended June 30, 2021. As a result of the temporary store closures, reduction of operating hours and shipment suspensions caused by COVID-19, our revenue generated from international markets decreased by 39.3% from RMB2,934.9 million in the fiscal year ended June 30, 2020 to RMB1,780.5 million (US\$279.4 million) in the fiscal year ended June 30, 2021. See “Financial Information – Impact of COVID-19 on Our Operations and Financial Performance.”

Our revenue increased by 24.2% from RMB4,369.9 million in the six months ended December 31, 2020 to RMB5,426.9 million (US\$851.6 million) in the six months ended December 31, 2021, mainly attributable to an increase in revenue generated from sales of lifestyle products and pop toys, which increased by 24.4% from RMB3,873.2 million in the six months ended December 31, 2020 to RMB4,817.6 million (US\$756.0 million) in the six months ended December 31, 2021. The increase in revenue generated from sales of lifestyle products and pop toys was mainly due to (i) an increase in the number of MINISO stores and TOP TOY stores, (ii) gradual recovery of business operations of MINISO stores from the COVID-19 pandemic in overseas markets in the second half of 2021 compared to the second half of 2020, and (iii) increases in revenue from online sales and other sales channels as a result of our continued efforts in e-commerce initiative.

## SUMMARY

### Selected Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
			<i>(in thousands)</i>			
<b>Non-current assets</b>						
Property, plant and equipment	115,845	88,062	76,316	11,976	376,021	59,006
Right-of-use assets	460,868	502,867	689,887	108,258	2,391,803	375,326
Intangible assets	49,876	69,091	61,005	9,573	53,319	8,367
Goodwill	–	–	19,640	3,082	19,640	3,082
Deferred tax assets	87,807	183,520	168,552	26,449	161,018	25,267
Prepayments	–	6,112	138,481	21,731	203,390	31,916
Interest in an equity-accounted investee	–	–	352,062	55,246	–	–
<b>Total non-current assets</b>	<u>714,396</u>	<u>849,652</u>	<u>1,505,943</u>	<u>236,315</u>	<u>3,205,191</u>	<u>502,964</u>
<b>Current assets</b>						
Other investments	356,265	–	102,968	16,158	208,289	32,685
Inventories	1,308,957	1,395,674	1,496,061	234,765	1,360,994	213,570
Trade and other receivables	830,751	729,889	824,725	129,417	1,113,506	174,733
Cash and cash equivalents	1,546,280	2,853,980	6,771,653	1,062,620	5,151,456	808,376
Restricted cash	8,917	7,056	3,680	577	7,347	1,153
Assets held for sale	460,549	–	–	–	–	–
<b>Total current assets</b>	<u>4,511,719</u>	<u>4,986,599</u>	<u>9,199,087</u>	<u>1,443,537</u>	<u>7,841,592</u>	<u>1,230,517</u>
<b>Total assets</b>	<u>5,226,115</u>	<u>5,836,251</u>	<u>10,705,030</u>	<u>1,679,853</u>	<u>11,046,783</u>	<u>1,733,481</u>
<b>Equity (Deficit)/equity attributable to equity shareholders of the Company</b>	(124,789)	(336,629)	6,658,966	1,044,937	6,736,339	1,057,079
<b>Non-controlling interests</b>	10,815	13,583	(6,812)	(1,069)	(4,562)	(716)
<b>Total (deficit)/equity</b>	<u>(113,974)</u>	<u>(323,046)</u>	<u>6,652,154</u>	<u>1,043,868</u>	<u>6,731,777</u>	<u>1,056,363</u>

## SUMMARY

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
<b>Non-current liabilities</b>						
Contract liabilities	77,673	74,226	59,947	9,407	53,572	8,407
Loans and borrowings	5,310	15,207	6,925	1,087	6,369	999
Lease liabilities	309,833	378,894	483,144	75,816	411,304	64,543
Deferred income	–	–	20,005	3,139	16,729	2,625
Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	1,701,294	2,381,327	–	–	–	–
<b>Total non-current liabilities</b>	<b>2,094,110</b>	<b>2,849,654</b>	<b>570,021</b>	<b>89,449</b>	<b>487,974</b>	<b>76,574</b>
<b>Current liabilities</b>						
Loans and borrowings	2,750	401,182	13,669	2,145	5,182	813
Trade and other payables	2,363,739	2,419,795	2,809,182	440,822	3,189,086	500,437
Contract liabilities	243,873	218,287	266,919	41,885	276,537	43,395
Lease liabilities	186,737	224,080	321,268	50,414	268,425	42,122
Deferred income	–	–	6,060	951	5,980	938
Current taxation	84,216	46,299	65,757	10,319	81,822	12,840
Liabilities directly associated with the assets held for sale	364,664	–	–	–	–	–
<b>Total current liabilities</b>	<b>3,245,979</b>	<b>3,309,643</b>	<b>3,482,855</b>	<b>546,536</b>	<b>3,827,032</b>	<b>600,545</b>
<b>Total liabilities</b>	<b>5,340,089</b>	<b>6,159,297</b>	<b>4,052,876</b>	<b>635,985</b>	<b>4,315,006</b>	<b>677,119</b>
<b>Net Current Assets</b>	<b>1,265,740</b>	<b>1,676,956</b>	<b>5,716,232</b>	<b>897,001</b>	<b>4,014,560</b>	<b>629,972</b>

We have net current assets as of each balance sheet dates above. The significant increase in net current assets from RMB1,677.0 million as of June 30, 2020 to RMB5,716.2 million (US\$897.0 million) as of June 30, 2021 was primarily due to an increase in cash and cash equivalents mainly as a result of the proceeds we received from our initial public offering in the United States. The decrease in net current assets from RMB5,716.2 million (US\$897.0

---

## SUMMARY

---

million) as of June 30, 2021 to RMB4,014.6 million (US\$630.0 million) as of December 31, 2021 was primarily due to a decrease in our cash and cash equivalents, which was mainly because we invested our cash in our headquarters building project.

The increase in our total non-current assets from RMB849.7 million as of June 30, 2020 to RMB1,505.9 million (US\$236.3 million) as of June 30, 2021 was primarily due to (i) an increase in interest in an equity-accounted investee, YGF Investment V Limited, of RMB352.1 million, (ii) an increase in right-of-use assets of RMB187.0 million mainly in relation to the new leases of offices, and (iii) an increase in prepayments of RMB132.4 million mainly in relation to the purchase of apartments for the use of staff accommodation in the future. The further increase in our total non-current assets to RMB3,205.2 million (US\$503.0 million) as of December 31, 2021 was primarily due to the obtainance of a land use right of a parcel of land through the acquisition of 80% remaining interest in YGF Investment V Limited. The increase in our total non-current liabilities from RMB2,094.1 million as of June 30, 2019 to RMB2,849.7 million as of June 30, 2020 was primarily due to an increase of fair value of redeemable shares with other preferential rights. The decrease in our total non-current liabilities from RMB2,849.7 million as of June 30, 2020 to RMB570.0 million (US\$89.4 million) as of June 30, 2021 was primarily due to the fact that all Series A preferred shares were converted and re-designated into Class A ordinary shares upon our listing on the NYSE on October 15, 2020, and the balance of redeemable shares and other preferential rights became zero.

We had net liabilities of RMB114.0 million as of June 30, 2019 and RMB323.0 million as of June 30, 2020. The increase in net liabilities was primarily due to the loss for the year of RMB260.2 million which was mainly as a result of the loss related to fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights and loss from discontinued operations. We had net assets of RMB6,652.2 million as of June 30, 2021, compared to net liabilities of RMB323.0 million as of June 30, 2020. The significant change from net liabilities to net assets was mainly due to the increase in net assets of RMB4,178.9 million due to the issuance of ordinary shares relating to initial public offering and the increase in share capital and additional paid-in capital of RMB3,963.8 million due to the conversion of Series A preferred shares into Class A ordinary shares upon completion of our initial public offering in the United States. We had net assets of RMB6,652.2 million as of June 30, 2021 and RMB6,731.8 million as of December 31, 2021. The increase in net assets was mainly due to the profit for the period of RMB338.6 million, which was partially offset by the dividend declared amounting to RMB306.3 million during the six months ended December 31, 2021.

---

## SUMMARY

---

### Key Financial Ratios

The following table sets forth our key financial ratios for the year/period indicated:

	For the Fiscal Years Ended			For the	
	June 30,			Six Months Ended	
	2019	2020	2021	2020	2021
Gross margin (%) <sup>(1)</sup>	26.7	30.4	26.8	26.7	29.3
Adjusted net margin, a non-IFRS measure (%) <sup>(2)</sup>	9.0	10.4	5.3	4.3	7.2
	As of June 30,			As of	
	2019	2020	2021	December 31,	
				2021	
Gearing ratio (%) <sup>(3)</sup>	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	0.3	0.2	
Current ratio <sup>(5)</sup>	1.4	1.5	2.6	2.1	

*Notes:*

- (1) Gross margin equals gross profit divided by revenues for the year/period and multiplied by 100%.
- (2) Adjusted net margin, a non-IFRS measure, equals adjusted profit divided by revenues for the year/period and multiplied by 100%. See “– Non-IFRS Financial Measure.”
- (3) Gearing ratio equals loans and borrowings (the sum of loans and borrowings under current liabilities and loans and borrowings under non-current liabilities) divided by total equity as of the end of the year/period and multiplied by 100%.
- (4) The gearing ratio is not applicable as we recognized total deficit as of June 30, 2019 and 2020, respectively.
- (5) Current ratio equals current assets divided by current liabilities as of the end of the year/period.

Our gross margin decreased from 30.4% in the fiscal year ended June 30, 2020 to 26.8% in the fiscal year ended June 30, 2021, mainly driven by a decrease in revenue contribution from our international operations, which generally have a higher gross margin than our operations in China.

Our adjusted net margin, a non-IFRS measure, decreased from 10.4% for the fiscal year ended June 30, 2020 to 5.3% for the fiscal year ended June 30, 2021, primarily due to the decrease in our gross margin as a result of the negative impact of the COVID-19 pandemic mainly in overseas markets.

## SUMMARY

Our gearing ratio decreased from 0.3% as of June 30, 2021 to 0.2% as of December 31, 2021, primarily due to a decrease in loans and borrowings under current liabilities from RMB13.7 million as of June 30, 2021 to RMB5.2 million as of December 31, 2021.

Our current ratio increased significantly from 1.5 as of June 30, 2020 to 2.6 as of June 30, 2021, primarily due to a significant increase in total current assets of RMB4,212.5 million, as a result of an increase in cash and cash equivalents of RMB4,020.6 million, and an increase in other investments of RMB103.0 million, which was mainly due to our receipts of proceeds from our U.S. IPO and cash flow generated from our operations.

Our current ratio decreased from 2.6 as of June 30, 2021 to 2.1 as of December 31, 2021, primarily due to a decrease in total current assets of RMB1,357.5 million, which in turn was a result of a decrease in cash and cash equivalents of RMB1,620.2 million, partially offset by an increase in other investments of RMB105.3 million, mainly due to our acquisition of 80% remaining interest in YGF Investment V Limited.

### Summary Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>				<i>(Unaudited)</i>		
Net cash generated from operating activities	1,038,471	826,484	916,320	143,791	806,423	731,741	114,826
Net cash (used in)/generated from investing activities	(210,915)	462,815	(518,797)	(81,411)	(428,989)	(1,836,613)	(288,205)
Net cash generated from/(used in) financing activities	619,858	(117,706)	3,536,184	554,904	3,639,642	(496,714)	(77,945)
Net increase/(decrease) in cash and cash equivalents	1,447,414	1,171,593	3,933,707	617,284	4,017,076	(1,601,586)	(251,324)
Cash and cash equivalents at beginning of year/period as presented in the consolidated statement of cash flows	228,106	1,686,218	2,853,980	447,852	2,853,980	6,771,653	1,062,620
Effect of movements in exchange rates on cash held	10,698	(3,831)	(16,034)	(2,516)	(30,582)	(18,611)	(2,920)



## SUMMARY

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>				<i>(Unaudited)</i>		
Cash and cash equivalents at end of year/period as presented in the consolidated statement of cash flows	1,686,218	2,853,980	6,771,653	1,062,620	6,840,474	5,151,456	808,376
Cash and cash equivalents of discontinued operations	(139,938)	-	-	-	-	-	-
Cash and cash equivalents at end of year/period as presented in the consolidated statement of financial position	<u>1,546,280</u>	<u>2,853,980</u>	<u>6,771,653</u>	<u>1,062,620</u>	<u>6,840,474</u>	<u>5,151,456</u>	<u>808,376</u>

### OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Ye, our Founder, chairman of the Board, executive Director and chief executive officer, and Ms. Yunyun Yang, spouse of Mr. Ye and our vice president, held approximately 64.4% of the total issued share capital of the Company, representing approximately 76.8% of the aggregate voting power of our total issued and outstanding Shares, after taking into account the super-voting rights of the 328,290,482 Class B ordinary shares controlled by them through Mini Investment Limited and after the termination and transfer of the voting proxy (accounting for approximately 4.3% of the aggregate voting power of the Company) previously granted to Mr. Ye by the share incentive award holding vehicles to other employees and senior management member of our Company in March 2022. Each Class B ordinary share is entitled to three votes, and each Class A ordinary share is entitled to one vote at a general meeting of our Company.

### Unwinding of our Weighted Voting Rights Structure

We will convene an AGM before the Listing for the purpose of approving the proposals to amend and restate our memorandum and articles of association to (a) unwind our weighted voting rights structure (by re-designating all of the issued and outstanding Class B ordinary shares into ordinary shares which entitle holders to one vote for each Share) and (b) comply with the applicable Listing Rules, which will take effect upon the Listing. At the AGM, shareholders of the Company will approve the adoption of the resolutions to amend and restate the currently effective second amended and restated memorandum and articles of association of our Company by the deletion in their entirety and by substitution in their place of the Memorandum and Articles of Association. For further details, see “Share Capital – Our Voting Structure before and after the Listing” and “Appendix IV – Summary of the Constitution of the Company and Cayman Islands Company Law”.

---

## SUMMARY

---

Upon Listing, our weighted voting rights structure will be unwound and all the issued Shares (including the Shares held by Mr. Ye and Ms. Yang through Mini Investment Limited) will be converted and re-designated into ordinary shares which entitle holders to one vote for each Share at the general meeting of our Company pursuant to the Articles of Association to take effect upon Listing.

Accordingly, following the completion of the Global Offering and upon the unwinding of the weighted voting rights structure, Mr. Ye and Ms. Yang, through Mini Investment Limited, YGF MC Limited, YYY MC Limited and YYY Development Limited, will be interested in approximately 62.3% of our total issued Shares and will be entitled to exercise approximately 62.3% of voting rights of our issued Shares in general meetings. All of Mr. Ye, Ms. Yang, Mini Investment Limited, YGF MC, YGF Development, YYY MC and YYY Development are a group of controlling shareholders of our Company. Based on the above, prior to and upon Listing, Mr. Ye and Ms. Yang (together with the intermediary companies specified above) will continue to be the Controlling Shareholders of our Company. See “Relationship with the Controlling Shareholders” for further details.

### RECENT DEVELOPMENTS

#### Impact of COVID-19 on Our Operations and Financial Performance

The outbreak of COVID-19 has severely impacted China and the rest of the world. Our business and operations have also been affected as a result. In an effort to contain the spread of COVID-19 and its variants, many countries, including China, have taken precautionary measures, such as imposing travel restrictions, quarantining individuals infected with or suspected of having COVID-19, encouraging employees of enterprises to work remotely, and cancelling public activities, among others. To protect the health and well-being of our employees and consumers and in support of efforts to control the spread of the outbreak, we closed or reduced working hours at our headquarters and offices and made remote working arrangements in early 2020. Our headquarters and offices had been reopened in an orderly manner, and the majority of MINISO stores in China were open and operating under normal business hours by June 30, 2020. During the period from July 2020 to December 2021, the emergence of new variants of COVID-19 in China adversely impacted our store operations, which caused temporary store closures and reduced operating hours on occasion, as a result of governmental restrictions in public places to reduce the spread of virus. As of December 31, 2021, about 3% of our MINISO stores in China were temporarily closed. The recent lock-downs and other restrictive measures imposed in a number of cities in China have led to reduced numbers of visitors to the commercial areas of these cities and additional temporary closures of MINISO stores, both of which have affected the business of MINISO stores. As of April 30, 2022, about 11% of our MINISO stores in China were temporarily closed. Compared with the average monthly GMV of the quarter ended March 31, 2022, our GMV in China decreased by approximately 35% in April 2022. To mitigate the impact of the restrictions imposed due to COVID-19, we have been making efforts to accelerate the growth of our online business and, through promotions and other measures, accelerate the inventory turnover in certain cities to ensure healthy working capital to tackle the continuous impact of COVID-19.

---

## SUMMARY

---

As the COVID-19 situation continues to evolve globally and new variants have emerged, MINISO stores in overseas markets have also been impacted by temporary store closures, reduced opening hours and/or reduced consumer traffic from late March 2020 to December 2021. As of December 31, 2021, about 4% of MINISO stores in overseas markets were temporarily closed. For those stores that resumed operations, a majority of them were half-opened or had operating hours reduced due to regional resurgences of COVID-19. Such negative impact of COVID-19 also adversely affected our store network expansion. The COVID-19 situation has recently eased to some extent in certain regions of the world. Although as of April 30, 2022, about 4% of our MINISO stores in overseas markets remained temporarily closed, our GMV in overseas markets grew in April 2022 by approximately 10% compared with the average monthly GMV of the quarter ended March 31, 2022.

The recent outbreak of the Delta and Omicron variants of COVID-19 in several provinces in China has caused disruptions to the operation of our logistics and transportation service providers, which has also negatively impacted our product shipment and delivery. As a result, delivery of products from warehouses to MINISO stores and delivery of products from China to overseas markets were delayed. We and our overseas distributors incurred increased costs on product delivery.

In terms of financial results, negative impact of COVID-19 on our business operations has resulted in a decrease in our revenue generated from overseas operations and slower sales growth in China. Our revenue generated from international markets decreased by 3.2% from RMB3,030.9 million in the fiscal year ended June 30, 2019 to RMB2,934.9 million in the fiscal year ended June 30, 2020, and further decreased by 39.3% to RMB1,780.5 million (US\$279.4 million) in the fiscal year ended June 30, 2021. Our revenue generated from international markets increased by 64.9% from RMB813.2 million in the six months ended December 31, 2020 to RMB1,340.6 million (US\$210.4 million) in the six months ended December 31, 2021. In China, although our sales growth in 2021 was also negatively affected by the outbreaks of the Delta variant and Omicron variant of COVID-19 in certain provinces, we managed to realize a growth in revenue from China of 20.6% from RMB6,044.1 million in the fiscal year ended June 30, 2020 to RMB7,291.2 million (US\$1,144.2 million) in the fiscal year ended June 30, 2021. Our revenue generated from China also increased by 14.9% from RMB3,556.7 million in the six months ended December 31, 2020 to RMB4,086.3 million (US\$641.2 million) in the six months ended December 31, 2021.

Our revenue increased by 5.0% from RMB2,229.4 million in the three months ended March 31, 2021 to RMB2,341.0 million in the three months ended March 31, 2022, primarily driven by the recovery of our international operations. Our revenue generated from China increased by 1.9% from RMB1,788.3 million in the three months ended March 31, 2021 to RMB1,823.0 million in the three months ended March 31, 2022, and our revenue generated from the international markets increased by 17.4% from RMB441.1 million in the three months ended March 31, 2021 to RMB518.0 million in the three months ended March 31, 2022. In the recent lock-down of cities on our business operation, such as Shenzhen, Hangzhou and Shanghai in China, due to the reoccurrence of COVID-19, a number of MINISO stores in China have been temporarily closed for a while at different points since early 2022. In particular, as

---

## SUMMARY

---

of April 30, 2022, all of the 126 MINISO stores in Shanghai, covering no more than 3% of our total MINISO stores, had been temporarily closed. The recent lock-down in Shanghai has not caused material adverse impact on our overall business, financial condition and results of operations because GMV from the MINISO stores in Shanghai only accounted for 3-4% of our total GMV from MINISO stores throughout the Track Record Period.

### Selected Operating Data

The following table provides a breakdown of the number of MINISO and TOP TOY stores as of March 31, 2022:

<b>Number of MINISO stores</b>	<b>5,113</b>
<b>China</b>	<b>3,197</b>
Directly operated stores	11
Stores operated under MINISO Retail Partner model	3,169
Stores operated under distributor model	17
<b>Overseas</b>	<b>1,916</b>
Directly operated stores	136
Stores operated under MINISO Retail Partner model	207
Stores operated under distributor model	1,573
<b>Number of TOP TOY stores</b>	<b>92</b>
Directly operated stores	4
Stores operated under MINISO Retail Partner model	88

In the quarter ended March 31, 2022, GMV of MINISO stores in China and overseas markets reached RMB2.6 billion and RMB1.5 billion, respectively. In the same period, GMV of TOP TOY stores reached RMB159.8 million.

### Financial Updates

The selected unaudited consolidated statements of profit or loss and other comprehensive income and cash flows data presented below for the nine months ended March 31, 2021 and 2022 and the unaudited consolidated statement of financial position data as of March 31, 2022 have been derived from Appendix IB to this document. The unaudited condensed interim financial statements in Appendix IB to this document have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting issued by the International Accounting Standards Board and in accordance with the same accounting policies adopted in our annual consolidated financial statements as of and for the year ended June 30, 2021.

The interim financial information below should be read in conjunction with, and is qualified in its entirety by reference to, our historical financial information included in Appendix IA to this document. Our historical results do not necessarily indicate results expected for any future periods, and the results of operations for the nine months ended March 31, 2022 are not necessarily indicative of the results to be expected for the full fiscal year

## SUMMARY

ending June 30, 2022. Please refer to “Financial Information,” “Risk Factors” and “Business” included elsewhere in this document for information regarding trends and other factors that may affect our results of operations.

Unless otherwise stated, all translations of Renminbi into U.S. dollars in this “Financial Updates” section were made at RMB6.3393 to US\$1.00, the exchange rate on March 31, 2022 as set forth in the H.10 statistical release of the Federal Reserve Board. Percentages are calculated based on the Renminbi amounts and there may be minor differences due to rounding.

	<b>For the nine months ended March 31,</b>		
	<b>2021</b>	<b>2022</b>	
	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands, except for per share data)</i>		
<b>Selected Unaudited Consolidated</b>			
<b>Statements of Operations Data:</b>			
Revenue	6,599,304	7,767,943	1,225,363
Cost of sales	<u>(4,807,691)</u>	<u>(5,470,085)</u>	<u>(862,885)</u>
<b>Gross profit</b>	<b>1,791,613</b>	<b>2,297,858</b>	<b>362,478</b>
Other income	48,088	20,882	3,294
Selling and distribution expenses	(923,958)	(1,087,622)	(171,568)
General and administrative expenses	(610,694)	(631,418)	(99,604)
Other net (loss)/income	(62,329)	46,463	7,329
Credit loss on trade and other receivables	(29,510)	(24,762)	(3,906)
Impairment loss on non-current assets	<u>–</u>	<u>(11,467)</u>	<u>(1,809)</u>
<b>Operating profit</b>	<b>213,210</b>	<b>609,934</b>	<b>96,214</b>
Finance income	31,690	39,181	6,181
Finance costs	<u>(20,267)</u>	<u>(25,407)</u>	<u>(4,008)</u>
Net finance income	11,423	13,774	2,173
Fair value changes of redeemable shares with other preferential rights	(1,625,287)	–	–
Share of loss of an equity-accounted investee, net of tax	<u>(825)</u>	<u>(8,162)</u>	<u>(1,287)</u>
<b>(Loss)/profit before taxation</b>	<b>(1,401,479)</b>	<b>615,546</b>	<b>97,100</b>
Income tax expense	<u>(139,118)</u>	<u>(184,256)</u>	<u>(29,066)</u>
<b>(Loss)/profit for the period</b>	<b><u>(1,540,597)</u></b>	<b><u>431,290</u></b>	<b><u>68,034</u></b>

---

## SUMMARY

---

### ***Revenue***

Our revenue increased by 17.7% from RMB6,599.3 million in the nine months ended March 31, 2021 to RMB7,767.9 million (US\$1,225.4 million) in the nine months ended March 31, 2022, mainly attributable to an increase in revenue generated from sales of lifestyle products and pop toys, which increased by 18.1% from RMB5,849.6 million in the nine months ended March 31, 2021 to RMB6,907.9 million (US\$1,089.7 million) in the nine months ended March 31, 2022. The increase in revenue generated from sales of lifestyle products and pop toys was mainly due to (i) an increase in the number of MINISO stores and TOP TOY stores, (ii) gradual recovery of business operations of MINISO stores from the COVID-19 pandemic in overseas markets in the nine months ended March 31, 2022 compared to the nine months ended March 31, 2021, and (iii) increases in revenue from online sales and other sales channels as a result of our continued efforts in e-commerce initiative.

In terms of geographical locations, revenue generated from our operations in China was RMB5,909.3 million (US\$932.2 million) in the nine months ended March 31, 2022, increasing by 10.6% from RMB5,345.0 million in the nine months ended March 31, 2021. Revenue generated from international markets also increased by 48.2% from RMB1,254.3 million in the nine months ended March 31, 2021 to RMB1,858.7 million (US\$293.2 million) in the nine months ended March 31, 2022, primarily because the operations of MINISO stores in overseas markets gradually recovered from the COVID-19 pandemic.

### ***Cost of sales***

Our cost of sales increased by 13.8% from RMB4,807.7 million in the nine months ended March 31, 2021 to RMB5,470.1 million (US\$862.9 million) in the nine months ended March 31, 2022, primarily due to an increase in cost of inventories, which increased by 12.5% from RMB4,764.8 million in the nine months ended March 31, 2021 to RMB5,360.5 million (US\$845.6 million) in the nine months ended March 31, 2022. The increase in cost of inventories is generally consistent with the growth of our revenue.

### ***Gross profit and gross margin***

Gross profit increased by 28.3% from RMB1,791.6 million in the nine months ended March 31, 2021 to RMB2,297.9 million (US\$362.5 million) in the nine months ended March 31, 2022, and gross margin increased from 27.1% to 29.6% during the same period. The increase in gross profit and gross margin was mainly driven by (i) an increase in revenue contribution from our international operations, which generally have a higher gross margin than our operations in China and contributed 23.9% of our total revenue in the nine months ended March 31, 2022, compared to 19.0% in the nine months ended March 31, 2021, and (ii) higher gross margin contributed by certain products launched after our strategic upgrade of MINISO brand in China. We have been upgrading MINISO brand in China since 2022 mainly by upgrading the brand image as a global retailer that entered into approximately 100 countries and regions with its network of more than 5,000 stores worldwide, and by offering premium products to meet consumers' diversified consumption demand.

---

## SUMMARY

---

### *Selling and distribution expenses*

Our selling and distribution expenses increased by 17.7% from RMB924.0 million in the nine months ended March 31, 2021 to RMB1,087.6 million (US\$171.6 million) in the nine months ended March 31, 2022. Excluding equity-settled share-based payment expenses, our selling and distribution expenses increased by 28.7% from RMB811.8 million to RMB1,044.7 million (US\$164.8 million) during the same period. Such increase was mainly due to (i) increased personnel-related expenses, (ii) increased licensing expenses, and (iii) increased promotion and advertising expenses.

### *General and administrative expenses*

Our general and administrative expenses increased by 3.4% from RMB610.7 million in the nine months ended March 31, 2021 to RMB631.4 million (US\$99.6 million) in the nine months ended March 31, 2022. Excluding equity-settled share-based payment expenses, our general and administrative expenses increased by 28.2% from RMB472.5 million to RMB605.9 million (US\$95.6 million) during the same period, which was primarily due to (i) increased depreciation and amortization expenses in relation to the land use right of our headquarters building project, (ii) increased personnel-related expenses, and (iii) increased IT service fee.

### **Cash Flows and Working Capital**

Our cash, cash equivalents, restricted cash and other investments amounted to RMB5,486.3 million (US\$865.4 million) as of March 31, 2022.

Our inventories primarily consist of finished goods. Our inventories decreased by 14.5% from RMB1,361.0 million as of December 31, 2021 to RMB1,163.0 million (US\$183.5 million) as of March 31, 2022, primarily due to our efforts in optimizing working capital management and accelerating inventory turnover rate.

Our trade and other receivables mainly consist of trade receivables and miscellaneous expenses paid on behalf of franchisees. Miscellaneous expenses paid on behalf of franchisees mainly include labor costs and store decoration expenses. Our trade and other receivables was RMB1,113.5 million as of December 31, 2021, compared to RMB1,060.6 million (US\$167.3 million) as of March 31, 2022.

Our trade and other payables mainly consist of trade payables and deposits. Deposits represent deposits received from suppliers, distributors and franchisees. All of the other trade payables, other payables, accruals and amounts due to related parties or franchisees are expected to be settled within one year or are repayable on demand. Our trade and other payables decreased from RMB3.2 billion as of December 31, 2021 to RMB3.0 billion (US\$470.1 million) as of March 31, 2022, primarily due to a decrease in trade payables, which was primarily due to a short-term decrease in purchases amount in March 2022 from suppliers in southern China which were experiencing certain level of resurgence of the COVID-19 pandemic caused by the omicron variant at the end of March 2022.



---

## SUMMARY

---

### *Net cash from operating activities*

Net cash from operating activities for the nine months ended March 31, 2022 was RMB1,048.2 million (US\$165.3 million). This amount was primarily attributable to a profit for the period of RMB431.3 million (US\$68.0 million) for the nine months ended March 31, 2022, net of income tax paid of RMB171.3 million (US\$27.0 million), as adjusted by certain non-cash items, primarily consisting of (i) depreciation and amortization of RMB283.8 million (US\$44.8 million), (ii) tax expenses of RMB184.3 million (US\$29.1 million), and (iii) equity-settled share-based payment expenses of RMB68.4 million (US\$10.8 million), and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a decrease in inventories of RMB333.0 million (US\$52.5 million), (ii) an increase in trade and other payables of RMB86.0 million (US\$13.6 million), and (iii) an increase in contract liabilities of RMB52.5 million (US\$8.3 million), which were partially offset by an increase in trade and other receivables of RMB189.4 million (US\$29.9 million). The decrease in inventories was primarily due to (i) accelerated inventory turnover rate, and (ii) a short-term decrease in purchase amount in March 2022 from suppliers in southern China as they were experiencing certain level of resurgence of the COVID-19 pandemic caused by the omicron variant at the end of March 2022. The increase in trade and other payables was mainly due to the increase in deposits as a result of an increased number of stores. The increase in contract liabilities was primarily due to prepaid membership fees we received. The increase in trade and other receivables was primarily due to increases in trade receivables, value-added tax recoverable and miscellaneous expenses paid on behalf of franchisees.

### *Net cash used in investing activities*

Net cash used in investing activities for the nine months ended March 31, 2022 was RMB1,894.2 million (US\$298.8 million), consisting primarily of purchase of other investments of RMB10,985.5 million (US\$1,732.9 million), payment for acquisition of land use right of RMB891.4 million (US\$140.6 million), payments for purchases of property, plant, equipment and intangible assets of RMB312.7 million (US\$49.3 million), and acquisition of a subsidiary, net of cash acquired RMB683.5 million (US\$107.8 million), partially offset by proceeds for disposal of other investments of RMB10,885.5 million (US\$1,717.1 million).

### *Net cash used in financing activities*

Net cash used in financing activities for the nine months ended March 31, 2022 was RMB629.7 million (US\$99.3 million), primarily due to dividend payment of RMB306.3 million (US\$48.3 million) and payment of capital element and interest element of lease liabilities of RMB245.9 million (US\$38.8 million).

### *Capital expenditures*

Our capital expenditures are primarily incurred for the purposes of building our new headquarters project, purchasing IT systems and renovating MINISO stores that we directly operated. Our capital expenditures were RMB36.2 million and RMB1,204.1 million (US\$189.9



---

## SUMMARY

---

million) in the nine months ended March 31, 2021 and 2022, respectively. We intend to fund our future capital expenditures with our existing cash balance, short-term investments and anticipated cash flows from operations. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

### Recent Regulatory Developments

The regulatory environment in the PRC has been undergoing a number of recent changes and reforms in various areas, including the recent publication of the Cybersecurity Review Measures (《網絡安全審查辦法》) and the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》). On December 24, 2021, the CSRC published the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (together, “**Draft Regulations on Listing**”), which set out the new regulatory requirements and filing procedures for Chinese companies seeking direct or indirect listing in overseas markets. The Draft Regulations on Listing, among others, provide that (i) Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with and report relevant information to the CSRC, and that an initial filing shall be submitted within three working days after the application for an initial public offering is submitted, and a second filing shall be submitted after the listing is completed, and (ii) in the event that Chinese companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies shall fulfill the filing procedures with and report relevant information to the CSRC, and such filing shall be submitted within three working days after such follow-on offering is completed. Under these regulations and draft regulations, the approval of the CSRC, the CAC or other PRC government authorities may be required in connection with the Global Offering, in which case we cannot predict whether or for how long we will be able to obtain such approval. For further details, please see “Risk Factors – Risks Related to Doing Business in China,” “Regulations – PRC – Regulations Relating to Overseas Listing” and “Regulations – PRC – Regulations Relating to Data, Cyber and Information Security” in this document.

### *Cybersecurity Review Measures (《網絡安全審查辦法》) and Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》)*

During the course of ordinary business operations in China, we may collect, process or store various types of data concerning our customers, business partners and employees. The collection, procession or storage of such data would be considered as data processing activities under PRC laws. As advised by our PRC Legal Adviser, we believe that, the Cybersecurity Review Measures and the Draft Regulations, if being implemented in its current form, would be applicable to the data processing activities of our PRC subsidiaries to the extent that such PRC subsidiaries are data processors in respect of their data processing activities.

---

## SUMMARY

---

The Draft Regulations provide that (i) a data processor who processes personal information of more than one million users seeking to list abroad (赴國外上市), or (ii) a data processor seeking to list in Hong Kong (赴香港上市) which affects or may affect national security is required to apply for cybersecurity review under relevant rules and regulations. As of the Latest Practicable Date, the Draft Regulations have not been formally adopted and would be subject to further guidance from the CAC. Currently, only the “Cybersecurity Review Measures” have been promulgated after the release of the Draft Regulations, and current effective laws and regulations do not require a “data processor seeking to listing in Hong Kong which affects or may affect national security” to apply for the cybersecurity review before seeking to list in Hong Kong.

Based on the real-name phone consultation regarding our Company’s proposed listing plan conducted on March 25, 2022 by our PRC Legal Adviser, Joint Sponsors and their legal advisers with the China Cybersecurity Review Technology and Certification Center, which is delegated by the CAC to accept consultation and applications for cybersecurity review, (i) we do not need to apply for the cybersecurity review, (ii) we are seeking to get listed in Hong Kong and therefore are not required to apply the rules in respect of seeking to listing abroad, (iii) a listing in Hong Kong is not treated as a listing abroad within the meaning of the Cybersecurity Review Measures, and (iv) the Draft Regulations have not been formally adopted and the anticipated effective date and implementation remain uncertain, therefore we do not need to comply with the Draft Regulations at the current stage. Furthermore, we did not engage in any activities that might give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures during the Track Record Period and up to the Latest Practicable Date. Therefore, our Directors and PRC Legal Adviser are of the view that the Cybersecurity Review Measures and the Draft Regulations would not have a material adverse impact on our business operations or our proposed listing on the Stock Exchange. As of the Latest Practicable Date, we have not received any PRC government interview requests or enquiry in relation to cybersecurity. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any incident of data or personal information leakage, violation of data protection and privacy laws and regulations or investigation or other legal proceeding against us that will adversely affect our business operation. However, we cannot rule out the possibility that the cybersecurity review would apply to us, and we cannot assure you that the relevant government authorities will not interpret the regulations in ways that may negatively affect our business operations in the future.

Since our Directors will (i) closely monitor the legislative development in connection with cybersecurity laws, including its interpretation or implementation rules; and (ii) take appropriate steps to ensure compliance with new regulatory requirements within the time limits of any new laws, and (iii) engage external consultants to advise on cybersecurity and data protection requirements, if needed, we are of the view, and the PRC Legal Adviser concurs, that we will be able to comply with the Cybersecurity Review Measures and the Draft Regulations if implemented in their current forms.

---

## SUMMARY

---

Nothing has come to the attention of the Joint Sponsors that causes them to raise objection to the view and basis of the Company and the PRC Legal Adviser above based on the series of independent due diligence work performed by the Joint Sponsors including: (i) conducted due diligence discussion with the management of the Company to understand among others, the applicability of the Cybersecurity Review Measures and the Draft Regulations to the Group's data processing activities that relevant to the Draft Regulation; (ii) conducted on-site visit on the selected stores of the Group and interviewed with some of the store managers and understood that, among others, the collection and management of the personal data collected at the visited stores, including types of personal information collected, and data security and protection measures are in place; (iii) discussed with the PRC Legal Adviser and reviewed the data and cybersecurity report prepared by the PRC Legal Adviser to understand, among others, (a) the legal implications of the Cybersecurity Review Measures and the Draft Regulations, the applicability of the Cybersecurity Review Measures and the Draft Regulations to the Group's data processing activities, and whether the Company complies with the Cybersecurity Review Measures and the Draft Regulations if being implemented in current form, and (b) the basis of such opinions; and (iv) conducted phone consultation with the China Cybersecurity Review Technology and Certification Center (the "CCRC") on named basis and CCRC confirmed that (a) the Company does not need to apply for the cybersecurity review and (b) no filing or notification in writing is required for the Company's proposed dual primary listing in Hong Kong.

### *Draft Regulations on Listing*

As of the Latest Practicable Date, the Draft Regulations on Listing have not been formally adopted. The provisions of the Draft Regulations on Listing are subject to changes and interpretation, and its anticipated effective date and implementation remain uncertain. In the event that the current form of the Draft Regulations on Listing are promulgated, based on the fact that (i) we do not fall within the scope that is prohibited from overseas offering and listing, (ii) according to the Answers of Relevant Representative of CSRC in Press Conference (證監會有關負責人答記者問) publicized by the CSRC on December 24, 2021, the purpose of the Draft Regulations on Listing is to "improve the supervisory and regulatory system for the overseas listing of enterprises, not to tighten the regulatory policies for overseas listing" and "to support enterprises to use overseas capital markets for financing and development in accordance with laws and regulations", and (iii) as of the Latest Practicable Date and before and after our listing application was publicized on the website of the Stock Exchange, we did not receive any notice or order prohibiting us from getting listed on the Stock Exchange, our Directors and our PRC Legal Adviser are of the view that, (i) the Draft Regulations on Listing is not in effect and there are various uncertainties regarding details of its implementation, including, without limitation, that the Draft Regulations on Listing are not clear on whether a qualified issuer which has submitted the application for a listing overseas but has not yet completed the listing process shall be subject to the CSRC filing requirements, (ii) based on the Answers of Relevant Representative of CSRC in Press Conference (證監會有關負責人答記者問) publicized by the CSRC on December 24, 2021, the likelihood that the Draft Regulations on Listing would be applied retrospectively is remote, and (iii) there would not be material

---

## SUMMARY

---

legal impediments in obtaining the approval from and completing the filing procedure with the CSRC. However, since the Draft Regulations on Listing have not been formally adopted, the effective date and implementation remain uncertain and the rules are still subject to changes.

### **No Material Adverse Change**

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2021, which is the end date of the periods reported on in the Accountants' Report included in Appendix IA to this document, and there is no event since December 31, 2021 that would materially affect the information as set out in the and the Accountants' Report included in Appendix IA to this document.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

The ADSs of our Company, each of which represents four Shares, were listed and began trading on the NYSE under the symbol "MNSO" on October 15, 2020. We have applied to the Listing Committee of the Stock Exchange for a dual primary listing of our Shares (as detailed below) on the Main Board of the Stock Exchange.

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, (a) the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (b) the Shares to be issued pursuant to the 2020 Share Incentive Plan.

We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the fiscal year ended June 30, 2021, being approximately RMB9,071.7 million (equivalent to HK\$11.1 billion), is over HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the maximum Public Offer Price of HK\$22.10 per Offer Share, exceeds HK\$4 billion.

### **DIVIDENDS**

We are a holding company incorporated under the laws of the Cayman Islands. In order for us to distribute any dividends to our shareholders, we may rely on dividends distributed by our PRC subsidiaries for our cash requirements. PRC laws require that dividends be paid by PRC companies only out of the profit for the year calculated according to PRC accounting principles. Due to the continuous convergence of PRC accounting principles and IFRS, there is no significant difference between these two accounting standards. PRC laws also require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. As advised by our PRC Legal Adviser, according to the PRC Company Law, each of the PRC subsidiaries of the Company can pay dividend from the after-tax profit once (i) it sets aside as general reserves

---

## SUMMARY

---

at least 10% of its after-tax profit until the cumulative amount of its reserves reaches 50% of its registered capital, and (ii) any losses of the PRC subsidiaries from prior fiscal years have been offset. Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, where appropriate. On August 19, 2021, our Directors declared a cash dividend in the amount of US\$0.156 per ADS, or US\$0.039 per ordinary share, payable as of the close of business on September 9, 2021 to shareholders of record as of the close of business on August 31, 2021. The aggregate amount of cash dividends paid was approximately US\$47.2 million, which was funded by surplus cash on our balance sheet. During the Track Record Period, no other dividends have been paid or declared by us.

### **DISTRIBUTABLE RESERVES**

As of December 31, 2021, we had distributable reserves of RMB6,647.1 million (US\$1,043.0 million).

### **GLOBAL OFFERING**

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

- (a) the Hong Kong Public Offering of initially 4,110,000 Offer Shares (subject to reallocation) in Hong Kong as described in “Structure of the Global Offering – The Hong Kong Public Offering”; and
- (b) the International Offering of an aggregate of initially 36,990,000 Offer Shares (subject to reallocation and the Over-allotment Option) pursuant to the registration statement on Form F-3ASR that was initially filed with the SEC on March 31, 2022, including the preliminary prospectus supplement dated June 29, 2022 and the final prospectus supplement to be filed with SEC on or about July 6, 2022, pursuant thereto, including the documents incorporated by reference therein.

The Offer Shares will represent approximately 3.2% of the issued share capital of the 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 and no further Shares are issued under the 2020 Share Incentive Plan, the Offer Shares will represent approximately 3.7% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

---

## SUMMARY

---

### OFFERING STATISTICS

**Based on maximum  
Public Offer Price of  
HK\$22.10 per  
Offer Share**

---

Market capitalization of our Shares <sup>(1)</sup>	HK\$27,993 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share <sup>(2)</sup>	HK\$6.81

---

*Notes:*

- (1) The calculation of market capitalization is based on 1,266,666,355 Shares expected to be in issue immediately upon completion of the Global Offering assuming the Over-allotment Option is not exercised.
- (2) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per share is arrived at after the adjustments for the estimated net proceeds from the Global Offering payable by the Group as described in Appendix II and on the basis that a total of 1,266,666,355 shares were in issue assuming that the Global Offering was completed on December 31, 2021, but does not take into account of any shares which may be issued upon the exercise of the Over-Allotment Option or any options which may be granted under the 2020 Share Incentive Plan, and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2021, including but not limited to the 4,722,236 shares repurchased during the period from January 1, 2022 to the Latest Practicable Date under the share repurchase program. Had such share repurchases occurred before or as at December 31, 2021, our unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company would have decreased by RMB60,795,000, and our unaudited pro forma consolidated net tangible assets attributable to equity shareholders of the Company per Share and per ADS would have decreased by RMB0.05 and RMB0.20, respectively.

### LISTING EXPENSE

Based on the maximum Public Offer Price of HK\$22.10 per Offer Share and assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the 2020 Share Incentive Plan. The total estimated listing expenses in relation to the Global Offering is approximately RMB91.0 million, RMB8.1 million of which we estimate will be charged to our consolidated statements of profit or loss. The balance of approximately RMB82.9 million, which mainly includes underwriting commission, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering. The total estimated listing expenses constitute approximately 11.8% of the gross proceeds and are mainly comprised of (a) underwriting-related expense of approximately HK\$40.9 million (RMB34.8 million), and (b) non-underwriting related expense of approximately HK\$66.0 million (RMB56.2 million), which are comprised of (1) accountants and legal advisers fees and



---

## SUMMARY

---

expenses of approximately HK\$51.6 million (RMB43.9 million) and (2) printing and other fees and expenses of approximately HK\$14.4 million (RMB12.3 million). No such expenses were recognized and charged during the Track Record Period.

### **FUTURE PLANS AND USE OF PROCEEDS**

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$801.5 million after deducting the estimated underwriting fees and the estimated offering expenses payable by us, assuming the Over-allotment Option is not exercised and based on the maximum Public Offer Price of HK\$22.10 per Share for both the Hong Kong Public Offering and the International Offering, or approximately HK\$931.6 million if the Over-allotment Option is exercised in full.

We plan to use the net proceeds of the Global Offering for the purposes and in the amounts set forth below:

**(a) Approximately 25% (approximately HK\$200.4 million, assuming the Over-allotment Option is not exercised) is expected to be used for our store network expansion and upgrade in the next 36 to 48 months, including:**

- Approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade and expand our store network in China with a focus on deepening store network penetration in lower-tier cities.
- Approximately 15% (approximately HK\$120.2 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade and expand our store network in international markets.

**(b) Approximately 20% (approximately HK\$160.3 million, assuming the Over-allotment Option is not exercised) is expected to be used for supply chain improvement and product development in the next 24 to 36 months, including:**

- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade and expand our warehouse and logistics network in both China and overseas markets to meet the needs of our expanding business operation.
- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to improve our local sourcing capabilities in overseas markets.
- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to develop and/or acquire new IPs.

---

## SUMMARY

---

- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to expand our designer network.
- (c) **Approximately 20% (approximately HK\$160.3 million, assuming the Over-allotment Option is not exercised) is expected to be used to strengthen our technology capabilities in the next 24 to 36 months, including:**
- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to further develop and enhance our own technology systems, modules, and other applications for our operation in China.
  - Approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to further develop and enhance our own technology systems, modules, and other applications for our international operations.
  - Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to purchase or license technologies or technology systems from third parties and upgrade our core technology platform to improve our operational efficiency.
- (d) **Approximately 20% (approximately HK\$160.3 million, assuming the Over-allotment Option is not exercised) is expected to be used to continue to invest in brand promotion and incubation in the next 12 to 36 months, including:**
- Approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to further promote and develop our TOP TOY brand.
  - Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to invest in branding activities and upgrade our brand positioning for the MINISO brand.
  - Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to continue to incubate new brands in the future.



---

## SUMMARY

---

- (e) **approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) is expected to be used for capital expenditures, which may include, among others, acquisitions of, or investments in, businesses or assets that complement our business, although as of the Latest Practicable Date we had no commitments or agreements to enter into any acquisitions or investments.**
  
- (f) **approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) is expected to be used for working capital and general corporate purposes.**

To the extent that the net proceeds we receive from the Global Offering are not immediately applied for the above purposes, we will invest the net proceeds in short-term deposits in licensed banks or authorised financial institutions so long as it is deemed to be in our best interests. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

See “Future Plans and Use of Proceeds” for more information.

---

## DEFINITIONS

---

*In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in “Glossary of Technical Terms.”*

<b>“2020 Share Incentive Plan”</b>	the share incentive plan our Company adopted in September 2020, as amended from time to time, the principal terms of which are set out in “Statutory and General Information – D. 2020 Share Incentive Plan” in Appendix V
<b>“Accountants’ Report”</b>	the accountants’ report of our Company for the Track Record Period, as included in Appendix IA
<b>“ADS(s)”</b>	American Depositary Shares, each of which represents four Shares
<b>“affiliate(s)”</b>	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
<b>“AGM”</b>	the annual general meeting of the Company to be convened on July 11, 2022, before the Listing
<b>“Articles” or “Articles of Association”</b>	the third amended and restated articles of association of the Company to be conditionally adopted by a special resolutions of the shareholders of the Company at the AGM, which will take effect upon Listing and a summary of which is set out in “Summary of the constitution of the Company and Cayman Company Law” in Appendix IV
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Banking Ordinance”</b>	Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Board”</b>	the board of Directors
<b>“business day”</b>	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
<b>“BVI”</b>	British Virgin Islands
<b>“CAC”</b>	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)

---

## DEFINITIONS

---

<b>“CAGR”</b>	compound annual growth rate
<b>“Cayman Companies Act” or “Companies Act”</b>	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by HKSCC
<b>“CCASS Clearing Participant”</b>	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
<b>“CCASS Custodian Participant”</b>	a person admitted to participate in CCASS as a custodian participant
<b>“CCASS EIPO”</b>	the application for the 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 through causing HKSCC Nominees to apply on your behalf, including by (i) instructing 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, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System ( <a href="https://ip.ccass.com">https://ip.ccass.com</a> ) or through the CCASS Phone System (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 CCASS Investor Participants through HKSCC’s Customer Service Center by completing an input request
<b>“CCASS Investor Participant”</b>	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
<b>“CCASS Participant”</b>	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

---

## DEFINITIONS

---

“China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	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
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	MINISO Group Holding Limited, a company with limited liability incorporated in the Cayman Islands on January 7, 2020
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Ye, Ms. Yang and the intermediary companies through which Mr. Ye and Ms. Yang have an interest in the Company, namely, Mini Investment Limited, YGF MC Limited, YGF Development Limited, YYY MC Limited and YYY Development Limited, as further detailed in the section headed “Relationship with the Controlling Shareholders”
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Depositary”	The Bank of New York Mellon, the depository of the ADSs
“Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax

---

## DEFINITIONS

---

<b>“EIT Law”</b>	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
<b>“Extreme Conditions”</b>	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
<b>“FRC”</b>	the Financial Reporting Council of Hong Kong
<b>“GAAP”</b>	generally accepted accounting principles
<b>“Global Offering”</b>	the Hong Kong Public Offering and the International Offering
<b>“Governmental Authority(ies)”</b>	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
<b>“Green Application Form(s)” or “Application Form(s)”</b>	the application form(s) to be completed by the White Form eIPO Service Provider designated by our Company, Computershare Hong Kong Investor Services Limited
<b>“Group”, “our Group”, “the Group”, “we”, “us”, or “our”</b>	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
<b>“HK” or “Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
<b>“HKSCC Nominees”</b>	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

---

## DEFINITIONS

---

“ <b>Hong Kong dollars</b> ” or “ <b>HK dollars</b> ” or “ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency of Hong Kong
“ <b>Hong Kong Offer Shares</b> ”	Shares being initially offered for subscription in the Hong Kong Public Offering
“ <b>Hong Kong Public Offering</b> ”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Public Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this document and the <b>Green Application Form</b> , as further described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering”
“ <b>Hong Kong Share Registrar</b> ”	Computershare Hong Kong Investor Services Limited
“ <b>Hong Kong Takeovers Code</b> ” or “ <b>Takeovers Code</b> ”	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“ <b>Hong Kong Underwriters</b> ”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting – Hong Kong Underwriters”
“ <b>Hong Kong Underwriting Agreement</b> ”	the underwriting agreement, dated June 29, 2022, relating to the Hong Kong Public Offering, entered into by the Joint Sponsors, the Joint Global Coordinators, the Hong Kong Underwriters and our Company, as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement”
“ <b>IFRS(s)</b> ”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“ <b>Independent Third Party(ies)</b> ”	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

---

## DEFINITIONS

---

<b>“International Offer Price”</b>	the final offer price per International Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%)
<b>“International Offer Shares”</b>	Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be sold pursuant to any exercise of the Over-allotment Option
<b>“International Offering”</b>	the conditional placing of the International Offer Shares at the International Offer Price pursuant to the shelf registration statement on Form F-3ASR that was filed with the SEC and became effective on March 31, 2022, and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed “Structure of the Global Offering”
<b>“International Underwriters”</b>	the underwriters of the International Offering
<b>“International Underwriting Agreement”</b>	the international underwriting agreement, expected to be entered into on or about July 6, 2022, relating to the International Offering, expected to be entered into by our Company, the Joint Global Coordinators and the International Underwriters, as further described in the section headed “Underwriting – The International Offering – International Underwriting Agreement”
<b>“Joint Bookrunners”</b>	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering”
<b>“Joint Global Coordinators”</b>	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering”
<b>“Joint Lead Managers”</b>	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering”
<b>“Joint Sponsors”</b>	Merrill Lynch (Asia Pacific) Limited, Haitong International Capital Limited and UBS Securities Hong Kong Limited ( <i>in alphabetical order</i> )

---

## DEFINITIONS

---

<b>“Latest Practicable Date”</b>	June 20, 2022, being the latest practicable date for ascertaining certain information in this document before its publication
<b>“Laws”</b>	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions
<b>“Listing”</b>	the listing of the Shares on the Main Board of the Stock Exchange
<b>“Listing Committee”</b>	the Listing Committee of the Stock Exchange
<b>“Listing Date”</b>	the date, expected to be on or about July 13, 2022, on which the Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Stock Exchange
<b>“Listing Rules”</b>	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
<b>“Main Board”</b>	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
<b>“Major Subsidiaries”</b>	our subsidiaries as identified in “History and Corporate Structure – Our Major Subsidiaries”
<b>“MIIT”</b>	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry (中華人民共和國信息產業部))
<b>“Mini Investment Limited”</b>	Mini Investment Limited, a limited liability company incorporated under the laws of British Virgin Islands on November 26, 2019



---

## DEFINITIONS

---

“ <b>Miniso Development HK</b> ”	Miniso Development Hong Kong Limited, a limited liability company established under the laws of Hong Kong on February 26, 2020 and a subsidiary of our Company
“ <b>Miniso Guangzhou</b> ”	Miniso (Guangzhou) Co., Ltd. (名創優品(廣州)有限責任公司), a limited liability company established under the laws of the PRC on October 18, 2017 and a subsidiary of our Company
“ <b>Miniso HK</b> ”	Miniso Hong Kong Limited, a limited liability company established under the laws of Hong Kong on January 23, 2018 and a subsidiary of our Company
“ <b>Miniso Hengqin</b> ”	Miniso (Hengqin) Enterprise Management Co., Ltd. (名創優品(橫琴)企業管理有限公司), a limited liability company established under the laws of the PRC on December 12, 2017 and a subsidiary of our Company
“ <b>Miniso International</b> ”	Miniso International (Guangzhou) Co., Ltd. (名創優品國際(廣州)有限公司), a limited liability company established under the laws of the PRC on May 16, 2017 and a subsidiary of our Company
“ <b>Miniso Youxuan</b> ”	Miniso Youxuan Technology (Guangzhou) Co., Ltd. (名創優選科技(廣州)有限公司), a limited liability company established under the laws of the PRC on August 15, 2017 and a subsidiary of our Company
“ <b>MOF</b> ”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“ <b>MOFCOM</b> ”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“ <b>Mr. Ye</b> ” or “ <b>Founder</b> ”	Mr. Guofu Ye, an executive Director, chairman of our Board, the chief executive officer of our Company, the founder of our Group and a Controlling Shareholder of our Company
“ <b>Ms. Yang</b> ”	Ms. Yunyun Yang, spouse of Mr. Ye and a Controlling Shareholder of our Company
“ <b>NDRC</b> ”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

---

## DEFINITIONS

---

“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NYSE”	the New York Stock Exchange
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Stabilizing Manager on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 6,165,000 additional Shares (representing in aggregate 15% of the initial Offer Shares) to the International Underwriters to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering – Over-allotment Option”
“PBOC”	the People’s Bank of China (中國人民銀行)
“PIPL”	the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), as amended from time to time
“PRC Civil Code”	the Civil Code of the PRC (《中華人民共和國民法典》), as amended from time to time
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended from time to time
“PRC Legal Adviser”	JunHe LLP, our legal adviser on PRC law

---

## DEFINITIONS

---

<b>“Presumptions”</b>	assuming that no new Shares are issued under the Over-allotment Option and the 2020 Share Incentive Plan, our Company’s weighted voting rights will be unwound upon Listing such that each issued Share (including any with super-voting rights prior to Listing) would equally entitle its holder to one vote at a general meeting of our Company, and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and Listing other than as disclosed in this document
<b>“Price Determination Agreement”</b>	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Public Offer Price and International Offer Price
<b>“Price Determination Date”</b>	the date, expected to be on or about July 6, 2022 and in any event no later than July 7, 2022, on which the International Offer Price and the Public Offer Price are to be fixed for the purposes of the Global Offering
<b>“Public Offer Price”</b>	the final offer price per Hong Kong Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%)
<b>“QIB”</b>	a qualified institutional buyer within the meaning of Rule 144A
<b>“Regulation S”</b>	Regulation S under the U.S. Securities Act
<b>“Reserved Matters”</b>	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to the Shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of China

---

## DEFINITIONS

---

“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has now been merged into the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary shares of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of our Share(s)
“SPC”	the Supreme People’s Court of the PRC
“STA”	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Stabilizing Manager”	Merrill Lynch International
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules

---

## DEFINITIONS

---

“ <b>Track Record Period</b> ”	the three fiscal years of the Company ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2021
“ <b>Underwriters</b> ”	the Hong Kong Underwriters and the International Underwriters
“ <b>Underwriting Agreements</b> ”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“ <b>United States</b> ”, “ <b>U.S.</b> ” or “ <b>US</b> ”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“ <b>US dollars</b> ”, “ <b>U.S. dollars</b> ”, “ <b>US\$</b> ” or “ <b>USD</b> ”	United States dollars, the lawful currency of the United States
“ <b>U.S. SEC</b> ”	the Securities and Exchange Commission of the United States
“ <b>U.S. Securities Act</b> ”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“ <b>VAT</b> ”	value-added tax
“ <b>White Form eIPO</b> ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“ <b>White Form eIPO Service Provider</b> ”	Computershare Hong Kong Investor Services Limited
“ <b>%</b> ”	per cent

Unless otherwise specified, in this document:

- Certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and
- for ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

---

## GLOSSARY OF TECHNICAL TERMS

---

*This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.*

<b>“AI”</b>	artificial intelligence, the science of researching and developing theories, methods, technologies, and application system that simulate and extend human intelligence
<b>“Branded variety retailer of lifestyle products”</b>	a retailer that specializes in a wide mix of lifestyle products distributed by one brand that primarily uses its offline outlets for reaching customers and derives over 50% of the total GMV from proprietary lifestyle products
<b>“core SKU”</b>	SKU that generates over RMB100,000 in sales for over a consecutive 12-month period
<b>“EOS”</b>	the MINISO electronic ordering system, a smart supply chain tool
<b>“ERP system”</b>	enterprise resource planning system, an integrated management system
<b>“first-tier cities”</b>	Beijing, Shanghai, Guangzhou and Shenzhen
<b>“free membership”</b>	the lower level of our membership program that does not require paying a membership fee
<b>“GMV”</b>	the total value of all merchandises sold by us and our retail partners and distributors to end-customers, before deducting sales rebates and including the VAT and sales taxes collected from consumers, as applicable, regardless of whether the merchandises are returned
<b>“Ichiban Kuji”</b>	one of the categories of products sold under the TOP TOY brand that mostly feature manga characters and that are typically sold by lottery
<b>“IP”</b>	intellectual property

---

## GLOSSARY OF TECHNICAL TERMS

---

<b>“KOL”</b>	key opinion leader, a member of an Internet community who is accepted or trusted by other users of the community and can significantly influence their decisions
<b>“kWh”</b>	kilowatt hour, a measure of per-hour energy use
<b>“MINISO Retail Partner”</b>	franchisee under our MINISO Retail Partner model, a franchise-like store model with chain store characteristics, where the franchisee bears the store opening capital expenditure and store operating expenses to join our “MINISO” or “TOP TOY” branded retail store franchise. Other distinguishing features of the MINISO Retail Partner model include: (1) we retain ownership of inventory in the franchisee’s store before it gets sold to consumers; (2) we provide store management and consultation services to the franchisee for a fee, which include standardized guidance in certain key aspects of store operation; and (3) the franchisee keeps the remaining portion of the in-store sales proceeds after remitting a certain portion to us
<b>“MINISO store”</b>	any of the stores operated under the “MINISO” brand name, including those directly operated by us, those operated under the MINISO Retail Partner model, and those operated under the distributor model
<b>“MOS”</b>	The MINISO ordering system, a smart supply chain tool
<b>“O2O”</b>	online to offline, a business strategy that draws potential customers from online channels to make purchases in physical stores
<b>“ODM”</b>	original design manufacturer, a type of our suppliers for product development and manufacturing, with us participating in the product selection process, designing certain elements of the products (such as packaging), incorporating IP owned by or licensed to us in certain products as we see fit, and making design recommendations as needed

---

## GLOSSARY OF TECHNICAL TERMS

---

“OEM”	original equipment manufacturer, a type of our suppliers that we engage for product development and manufacturing, with us deeply involved throughout the whole production process from product design to manufacturing
“PLM”	product lifecycle management system, a digitalized product development system
“premium membership”	the higher level of our membership program that requires paying a membership fee
“private traffic”	users that follow MINISO’s enterprise Weixin account, or choose to join MINISO’s privately operated Weixin communities such as group chats
“revenue”	our revenue from continuing operations, excluding the revenue from discontinued operations
“SCM”	supply chain management system, a supplier coordination system
“second-tier cities”	mainly include capital cities of provinces and autonomous regions, centrally-administered municipalities, and other cities of China that the Company considers to have a similar level of development potential
“SKU”	stock keeping unit, a unique identifier for each distinct product and service that can be purchased
“third- or lower-tier cities”	cities other than first- and second-tier cities in China
“TOP TOY-brand products”	pop toy products of our own brands or brands co-developed with IP licensors that are sold under the TOP TOY label
“TOP TOY store”	any store operated under the “TOP TOY” brand name, including those directly operated by us and those operated under the MINISO Retail Partner model

In the context of discussing our overseas business, “Asian countries excluding China” includes countries such as Indonesia, India and Philippines, “Americas” includes countries such as Mexico, the United States and Canada, “Europe” includes countries such as Italy, France and Spain and “others” includes countries such as Australia and Morocco.



---

## FORWARD-LOOKING STATEMENTS

---

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aim”, “aspire”, “objective”, “target”, “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors”.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

---

## RISK FACTORS

---

*An investment in our Shares or ADSs involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares or ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares or ADSs could decline, and you may lose all or part of your investment.*

*These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-looking Statements” in this document.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and our industry; (ii) risks related to doing business in China; (iii) risks related to our Shares and ADSs; and (iv) risks related to the Global Offering and the dual listing.

### **RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

**Our success depends upon the continued strength of our brands. If we are unable to maintain and enhance our brands, our business and operating results may be adversely affected.**

We sell our products under our own brands, which mainly are “MINISO” and “TOP TOY.” “MINISO” is our flagship brand. For the fiscal year ended June 30, 2021, revenue generated under our MINISO brand accounted for more than 95% of our total revenue. In December 2020, we launched a new brand, TOP TOY, which is committed to building comprehensive shopping platforms of pop toys. We believe that our brands have significantly contributed to the success of our business and that maintaining and enhancing our brands is critical to retaining and expanding our consumer base. Our marketing, design, research and products are aimed at promoting awareness of our “MINISO” brand and “TOP TOY” brand.

We seek to promote our brand image through marketing initiatives, including celebrity endorsement, marketing through video and short-video platforms, and key opinion leader promotion, as well as other social media-based marketing and promotion activities. Promoting and strengthening our brand image depends on our ability to adapt to a rapidly changing media environment and preferences of consumers to receiving information, including our increasing reliance on social media and online dissemination of advertising campaigns. If we do not continue to maintain and strengthen our brand image and grow the value of brands, in particular, the “MINISO” brand and “TOP TOY” brand, we may lose the opportunity to build a critical mass of consumers. In addition, we have been continually promoting our brands and products in a very active manner. Certain consumers may perceive our brands and/or our products in different ways or even misinterpret our brands before learning more about our

---

## RISK FACTORS

---

company, our brands and our products. If consumers or other parties claim that our marketing approach is misleading or otherwise improper, we may be subject to lawsuits or other legal proceedings, which would negatively affect our brand image, undermine the trust and credibility we have established and impose an adverse impact on our business.

Furthermore, as we continue to grow in size, expand our product offerings and extend our geographic reach, maintaining high-quality, high-appeal and high affordability of our products may be more difficult and we cannot assure you that we will be able to maintain consumers' confidence in our brands. If consumers perceive or experience a reduction in the quality of our products, or consider in any way that we fail to deliver a consistently high quality products, our brand value could suffer, which could have a material and adverse effect on our business.

In addition, any negative publicity, with or without merits, relating to our products, shareholders, management, employees, operations, retail partners, local distributors, suppliers and other business partners, industry or products similar to ours, could materially and adversely affect consumer perceptions of our brands and result in decreased demand for our products.

We consider our trademarks, brand names and our other intellectual properties such as patents relating to product design to be material to our business. Due to the popularity of our products and our brand recognition in the retail industry in China, we have become an attractive target of copycat. We have seen copycat products on the market that attempt to cause confusion or diversion of consumer traffic from us. There are also companies that use company names that are highly similar to our corporate names used in China. If consumers misidentify copycat products as our products, our brand image and reputation could also be harmed. If we are unable to adequately protect these intellectual property rights, we may lose these rights, our brand image may be harmed, and our competitive position and business may suffer. See “–We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position” for more information.

**The growth and profitability of our business depend on the level of consumer demand and discretionary spending. A severe or prolonged economic downturn in China or around the world could materially and adversely affect consumer discretionary spending and therefore adversely affect our business, financial condition and results of operations.**

The success of our business depends, to a significant extent, on the level of consumer demand and discretionary spending both in China and in the international markets where we operate. A number of factors beyond our control may affect the level of consumer demand and discretionary spending on merchandise that we offer, including, among other things:

- general economic and industry conditions;
- disposable income of consumers;
- discounts, promotions and merchandise offered by our competitors;

---

## RISK FACTORS

---

- negative reports and publicity about the retailing industry;
- outbreak of viruses or widespread illness, including COVID-19;
- unemployment levels;
- minimum wages and personal debt levels of consumers;
- consumer confidence in future economic conditions;
- fluctuations in the financial markets; and
- natural disasters, war, terrorism and other hostilities.

Reduced consumer confidence and spending cut backs may result in reduced demand for our products, in particular discretionary items. Reduced demand also may require increased selling and promotional expenses. Adverse economic conditions and any related decrease in consumer demand for our merchandise could have a material adverse effect on our business, financial condition and results of operations. For example, COVID-19 pandemic has reduced the number of trips consumers make to brick-and-mortar retailers, including MINISO stores. COVID-19 pandemic has also resulted in a severe and negative impact on the Chinese and the global economy. Negative economic conditions related to this outbreak may limit the consumer confidence and the amount of disposable income available to consumers, which may impact our consumer demand. Whether the pandemic will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy has been slowing down. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. The war in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats, and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including but not limited to the surrounding Asian countries, which may potentially have economic impact. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

In addition, many of the factors identified above also affect commodity rates, transportation costs, costs of labor, insurance and healthcare, lease costs, measures that create barriers to or increase the costs associated with international trade, changes in other laws and

---

## RISK FACTORS

---

regulations and other economic factors, all of which may impact our cost of sales, our selling and distribution expenses, and general and administrative expenses, which could have a material adverse effect on our business, financial condition and results of operations.

**Our success is dependent on the continued popularity of our products, our continued innovation and successful launches of new products, and our anticipation of and timely responses to changes in consumer preferences.**

The success of our operations depends on our ability to continuously offer quality products that are attractive to consumers. Consumer preferences differ across and within each of the countries and regions in which we operate or plan to operate and may shift over time in response to changes in demographic and social trends, economic circumstances and the marketing efforts of our competitors. We must stay abreast of emerging consumer preferences and anticipate product trends that will appeal to existing and potential consumers. Our philosophy is to launch approximately 100 new MINISO SKUs, every 7 days, carefully selected from a large library of 10,000 product ideas, which we refer to as the “711 philosophy.” In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs under the “MINISO” brand per month, and offered consumers a wide selection of over 8,800 core SKUs, the vast majority of which are under the “MINISO” brand. There can be no assurance that our existing products will continue to be favored by consumers or that we will be able to anticipate or respond to changes in consumer preferences in a timely manner. In particular, as we expand into new countries and regions, we may not be able to launch products that appeal to local consumers due to our lack of understanding on local cultures and lifestyles. Our failure to anticipate, identify or react to these particular preferences could adversely affect our sales performance and our profitability.

We devote significant resources to product design and development. As of December 31, 2021, we had a network consisting of an in-house team of 124 designers and 37 design partners, including internationally renowned independent designers, professional design studios and design academies from seven countries. We have also developed an approach to collaborate with highly popular IP licensors to create co-branded products. As of December 31, 2021, we had established co-branding relationship with IP licensors owning 75 popular brands. These efforts allow us to launch products that appeal to consumers and constantly change SKUs to respond to evolving consumer preference. However, we may not be successful in developing innovative new products, and our new products may not be commercially successful. We also cannot assure you that our co-branding initiatives will continue to be successful in the future. To the extent that we are not able to effectively gauge the direction of our key markets and successfully identify, develop and design new or improved products in response to changing market preference, our financial results and our competitive position may suffer. Moreover, there are inherent market risks associated with new product introductions, including uncertainties about marketing and consumer preference, and there can be no assurance that we will be successful in introducing new products with designs that are appealing to consumers. We may expend substantial resources developing new products that may not achieve expected sales levels.

---

## RISK FACTORS

---

**If we are unable to offer our products at prices that are highly appealing to consumers or maintain competitive prices, our business and results of operations would be materially and adversely affected.**

A critical differentiator of our business is our ability to offer value to consumers, including offering quality products at prices that are highly appealing to consumers, which is pivotal to the success of our business. We vigorously execute our pricing strategy in our daily business operations. However, we face various challenges in maintaining the current price rates. For example, we may not have sufficient bargaining power in negotiating terms with our suppliers and procure products at favorable prices. As a result, we may have to price our products at higher-than-expected prices to achieve profitability. Even if we are able to price as we expected, our profit margin, if any, may be lower than our anticipation. Further, increases in raw material prices or production costs may also be shifted to us by our suppliers and result in our pressure to increase prices. Any increase in product prices may cause our sales volume to decline, and more importantly, undermine our brand positioning and image, making us less attractive to consumers and less competitive in the marketplace. Accordingly, the occurrence of any of the above would adversely affect our overall profitability, business, financial condition and results of operations.

In addition, the prices of the products we sell can be influenced by general economic conditions. For example, general inflation in the prices of the products we sell could cause us to mark up prices and thereby may negatively affect our product sales. Adverse general economic conditions could also increase costs to us, such as shipping rates, freight costs and store occupancy costs and further reduce our sales or increase our cost of sales, selling and distribution expenses, or general and administrative expenses. Our pricing strategy and competitive pressure may inhibit our ability to reflect these increased costs in the prices of our products without losing competitive position, and therefore reduce our profitability and materially adversely affect our business, financial condition and results of operations. In addition, price reductions by our competitors may result in the reduction of our prices and a corresponding reduction in our profitability. Accordingly, we may face periods of intense competition in the future, which could have a material adverse effect on our profitability and results of operations.

We are subject to additional risks in maintaining our products at appealing or competitive prices in the overseas markets. Substantially all of our products are manufactured in China and shipped to overseas markets. Countries to which we make export sales may take restrictive measures, such as trade tariffs, or anti-dumping duties and other non-tariff barriers, to protect their home markets. Any imposition of tariffs, anti-dumping duties, or other non-tariff barriers in one or more markets could result in additional costs to us and negatively affect our ability to price our products at appealing or competitive rates and/or a material reduction in our supplies of relevant products in those markets, which could have a material adverse effect on our business, results of operations and financial condition.

---

## RISK FACTORS

---

**If we fail to offer high-quality products to consumers, our business, reputation, results of operations and financial condition will be materially and adversely affected.**

Offering high-quality products is essential to the success of our business. In order to ensure that we continuously offer high quality products to consumers, we engage third parties to evaluate quality control qualifications of potential suppliers before we enroll such suppliers in our supplier base. Our quality control team is involved throughout the whole process of product development, from product design, raw material selection, to product manufacturing, and finally to several layers of quality inspections. Despite the fact that we have implemented several tiers of quality control measures, we have historically experienced product quality issues such as failure to comply with relevant product specifications and cannot assure you that our products will not have any quality issues in the future. Any product quality issue may result in claims, lawsuits, fines, penalties and negative publicities, and loss of consumer confidence in our products, which in turn would have material and adverse effects on our business, reputation, operating results and financial conditions. See also “–Should a product liability issue, recall or personal injury issue arise, it may damage our reputation and brand image, which may result in a material adverse effect on our business, reputation, results of operations and financial condition.”

**Expanding product offerings may expose us to new challenges and more risks.**

We strive to offer consumers a wide variety of merchandises that are responsive to consumers’ evolving needs and provide them with a treasure hunt shopping experience by frequently changing SKUs/product assortments in each store. Offering new SKUs, expansion into diverse new product categories and increased number of products and SKUs as well as launching new brands involve new risks and challenges. Our lack of familiarity with these products and lack of relevant consumer data relating to these products may make it more difficult for us to anticipate consumer demand and preferences. We may misjudge consumer demand, resulting in inventory buildup and possible inventory write-down. For the fiscal years ended June 30, 2019 and 2020, we recorded an inventory write-down of RMB89.9 million and RMB68.3 million, respectively. For the fiscal year ended June 30, 2021 and for the six months ended December 31, 2021, we recorded a reversal of inventory write-down of RMB51.1 million and RMB34.7 million, respectively. See “Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position – Inventories.” It may also make it more difficult for us to inspect and control quality and ensure proper handling, storage and delivery. We may experience higher return rates on new products, receive more consumer complaints about them and face costly product liability claims related to our new products, which would harm our brand and reputation as well as our financial performance. Furthermore, we may not have much purchasing power in new categories of products and we may not be able to negotiate favorable terms with suppliers. We may need to price aggressively to gain market share or remain competitive in new product categories. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipate, which would adversely affect our overall profitability and results of operations. We cannot assure you that we will be able to recoup our investments in introducing these new product categories.



---

## RISK FACTORS

---

**If we are unable to attract purchases from new and existing consumers, our business, financial condition and results of operations may be materially and adversely affected.**

Our future growth depends on our ability to continue to attract purchases from new consumers and existing consumers. In order to retain existing consumers and attract new consumers, we strive to give consumers a relaxing and engaging shopping environment by carefully designing store layout, decoration and lighting to create a welcoming ambience for consumers. We also launched our MINISO membership program in China and further expanded this membership program to overseas markets. In addition, managers of MINISO stores keep consumers constantly engaged by sharing MINISO content through Weixin chat groups and Weixin public account. However, our consumer engagement efforts may not be as effective as we anticipate. In addition, competition for consumers has intensified as competitors have moved into, or increased their presence in, our geographic markets. They may make more investments in product design and development and maintain more competitive prices. Also, the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons will also increase the competition. We expect this competition to continue to increase. Our competitors may offer promotions or loyalty program incentives that could attract consumers who purchases our products or divide their loyalty among several retailers. If we are unable to retain the loyalty of existing consumers and attract new consumers, our revenues could decrease and we may not be able to expand our business base as planned, which could have a material adverse effect on our business, financial condition and results of operations.

**We primarily rely on our retail partners and distributors to expand our store network. If we are unable to expand our store network successfully, our business, results of operations would be adversely affected.**

We plan to expand our store network both domestically and internationally and we primarily rely on our MINISO Retail Partners and local distributors to realize such expansion. However, we may not be able to expand our store network as we planned. The number and timing of the stores actually opened during any given period are subject to a number of risks and uncertainties. For example, we may not be able to identify MINISO Retail Partners and local distributors with sufficient resources and strong local ties to collaborate with us. If our MINISO Retail Partners and local distributors fail to operate MINISO stores successfully for whatever reasons, they may not be willing or able to renew their agreements with us. As a result, the number of MINISO stores in our store network will decrease, which would negatively affect our store expansion plan.

Apart from relying on our MINISO Retail Partners and local distributors to expand our store network, we also establish and operate MINISO stores by ourselves. Expanding our store network through opening MINISO stores by ourselves also involves certain risks and uncertainties, such as our ability to obtain adequate funding for development and expansion costs, identify strategic markets globally, identify locations with large consumer traffic and commercial potential and secure leases on commercially reasonable terms, supply products in a timely manner to MINISO stores in different geographical locations, obtain the required



---

## RISK FACTORS

---

licenses, permits and approvals, and recruit and retain talents with sufficient experience in the retail industry. Any risks and uncertainties listed above, either individually or in aggregate, might delay or fail our plan to increase the number of stores in desirable locations at manageable cost levels.

In addition to the above factors, our overseas expansions face additional difficulties and challenges. We have limited experience operating in overseas markets and may face competition from major, established competitors in these markets. These competitors usually have more experience and resources for their business operations in those markets. In addition, the real estate, employment and labor, transportation and logistics, regulatory, and other operating requirements in these markets differ significantly from those in China. Moreover, a number of factors could have an adverse impact on our operating results if our efforts to expand internationally are not successful. These factors include changes in market needs and product trends, economic fluctuations, political and social turbulence, relevant countries or regions' relationships with China, changes in legal regulations or other conditions and difficulties in employing and training appropriate local management and employees. For example, we have experienced a slowdown in our international store expansion primarily due to the COVID-19 pandemic. There is no assurance that our international store expansion will not continue to decelerate or even fail in the future.

**If we, our MINISO Retail Partners or local distributors fail to successfully operate MINISO stores, our business and results of operations would be adversely affected.**

As of December 31, 2021, over 95% of MINISO stores in our global network were established and operated by our MINISO Retail Partners and local distributors. Therefore, successful operations of MINISO stores by our MINISO Retail Partners and local distributors directly affect our results of operations. However, our MINISO Retail Partners and local distributors are independent from us and we cannot control many factors that impact the profitability of their MINISO stores. Despite the fact that we have direct access to key operational data from MINISO Retail Partner stores, which enable us to help our MINISO Retail Partners systematically customize merchandising down to the store level and coordinate inventory management on real-time basis, we are unable to directly engage in the operation of their MINISO stores, nor do we have access to or a complete control over every aspect of their store operations. The quality of MINISO store operations may be compromised if we fail to effectively monitor the operation of MINISO stores by our MINISO Retail Partners or local distributors. Even if we can effectively monitor the operation of MINISO stores by our MINISO Retail Partners or local distributors, there are still a number of factors beyond our control which may result in failure by our MINISO Retail Partners and local distributors to successfully operate MINISO stores in a manner consistent with our standards and requirements. For example, our MINISO Retail Partners and local distributors may not be able to find suitable locations for opening MINISO stores, hire and effectively train qualified managers and other store operating personnel, encounter financial difficulties or fail to achieve expected level of sales, which may cause delays in making payments to us under our agreements with them. While we have the right to terminate our agreements with MINISO

---

## RISK FACTORS

---

Retail Partners or local distributors if they breach any material provisions of these agreements, we may not be able to identify problems and take action in a timely manner. As a result, our image and reputation may suffer, and our results of operations could be adversely affected.

The successful operation of MINISO stores also hinges on the ability to provide superior shopping experience. If we, our MINISO Retail Partners or local distributors are unable to provide a superior shopping experience, consumers may lose confidence in us. In order to provide such superior shopping experience, we and our MINISO Retail Partners/local distributors strive to provide consumers with a wide variety of carefully designed high quality products, frequently changing product assortment to enable a treasure hunt shopping experience, offer our products at competitive prices, and timely response to consumer demands. However, there can be no assurance that these strategies can be executed effectively. Any negative publicity or poor feedback regarding consumer service may harm our brand and reputation and in turn cause us to lose consumers and market share.

There are also a number of factors that may affect the successful operation of MINISO stores. These factors include, without limitation, our ability to maintain and enhance the quality of our products; our ability to successfully implement our pricing strategies; our ability to offer new products to timely respond to changes in market opportunities and consumer preferences; our ability to continually increase the number of items sold to consumers; our ability to retain existing consumers and attract new consumers; our ability to attract new and maintain relationships with our existing third-party suppliers and other service providers; our ability to manage costs of our operations; our ability to handle negative publicity, allegations, and legal proceedings; our ability to ensure full compliance with relevant laws and regulations, and maintain adequate and effective control, supervision and risk management over MINISO stores; and our ability to monitor the overall operation of MINISO stores. Many factors beyond our control, including macroeconomic and regulatory environment, could also adversely affect the successful operation of MINISO stores.

In the past, we, our MINISO Retail Partners and local distributors shut down a small number of underperforming MINISO stores and may continue to do so in the future. We may also terminate our cooperation with MINISO Retail Partners or local distributors if their business, financial conditions and operation results are far below our expectation. In addition, if our MINISO Retail Partners and/or local distributors run into financial difficulties or even become bankrupt as a result of unsuccessful operation, negative impact of COVID-19 or whatever reason, our business and results of operations would be adversely affected.

**Our international operations are subject to a variety of costs and legal, regulatory, political and economic risks.**

Our business and results of operations are affected by our ability to execute our globalization strategy, which primarily involves expanding into new international markets and growing our store network overseas. Our revenue from markets outside of China was RMB3,030.9 million, RMB2,934.9 million, RMB1,780.5 million (US\$279.4 million) and RMB1,340.6 million (US\$210.4 million) in the fiscal years ended June 30, 2019, 2020 and

---

## RISK FACTORS

---

2021 and the six months ended December 31, 2021, accounting for 32.3%, 32.7%, 19.6% and 24.7% of our total revenue for the same periods, respectively. Compared with operating in our home market, China, operating internationally subject us to additional risks and challenges such as:

- limited brand recognition (compared with our home market in China);
- need to manage costs of securing optimal locations for opening stores;
- difficulties encountered when setting up or leasing new warehouses and establishing overseas supply chain;
- difficulty to manage logistics and inventory effectively to meet the needs of new and existing stores on a timely basis;
- difficulty to find qualified partners for overseas cooperation;
- inability to anticipate foreign consumers' preferences and customs;
- difficulties in hiring experienced staff and managing foreign operations;
- burdens of complying with a wide variety of local laws and regulations;
- wars, political and economic instability;
- trade restrictions;
- lesser degrees of intellectual property protection;
- tariffs and customs duties and the classifications of our goods by applicable governmental bodies; and
- a legal system subject to undue influence or corruption.

In particular, we have business operations in Ukraine and our products are sold in Russia. Wars in Ukraine has negatively affected our business operations in Ukraine and our product sales in Russia. We have temporarily terminated our operations in Ukraine. MINISO stores in Russia are open as usual but have experienced a slowdown in product sales. Since there are substantial uncertainties in the development of wars and the situations in Ukraine and Russia, we are unable to predict whether any MINISO stores will be permanently shut down or whether we will have to completely withdraw from relevant geographical markets. With respect to removing certain Russian banks from SWIFT system, we expect that there will be certain negative impacts for our local distributors in Russia to purchase products from us and they might have to switch to other payment options. In general, we do not expect wars in Ukraine or sanctions against Russia will result in material adverse impact on our overall business

---

## RISK FACTORS

---

operations given that revenues generated from Ukraine and Russia accounted for less than 0.5% of our total revenue for the fiscal year ended June 30, 2021. We have made impairment assessments on our inventories and trade receivables for our operations in Ukraine and made provisions/recorded impairment losses accordingly. However, we are unable to predict how the wars in Ukraine and sanctions against Russia will develop. Any deterioration of the situation in Ukraine and Russia in the future may have material negative impact on our business operations, results of operations and financial condition.

Our international expansion plans will place increased demands on our operational, managerial and administrative resources. For example, we have limited experience operating in overseas markets and may face competition from major, established competitors in these markets. These competitors usually have more experience and resources for their business operations in those markets. In addition, the real estate, employment and labor, transportation and logistics, regulatory, and other operating requirements in these markets differ significantly from those in China. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business model/business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business model/business practice accordingly to comply with local laws. Given the complexity, uncertainties and frequent changes in these laws, rules, regulations, policies and measures in overseas markets, including changes in their interpretation and implementation, our business activities and growth may be adversely affected if we do not respond to the changes in a timely manner or fail to fully comply with the applicable laws, rules, regulations, policies and measures, including as a result of ambiguities in them. Non-compliance may subject us to sanctions by regulatory authorities, to monetary penalties, or to restrictions on our activities or revocation of our licenses, which may result in a material adverse effect on our business, financial condition and results of operations in the relevant overseas market. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly. Furthermore, we may also from time to time encounter legal disputes with various parties in overseas markets in our ordinary course of business operations.

Moreover, a number of factors could have an adverse impact on our operating results if our efforts to expand internationally are not successful. These factors include changes in market needs and product trends, economic fluctuations, political and social turbulence, relevant countries or regions' relationships with China, changes in legal regulations or other conditions and difficulties in employing and training appropriate management and local employees. For example, the escalation of tensions between China and India as a result of border clashes between troops from the two countries have resulted in a number of mobile apps developed by Chinese companies and operated in India being banned by the Indian government. We are unable to predict how international relations between China and India will develop, and what measures the India government will take towards products and services provided by and business operations of Chinese companies in India. There can be no assurance that we will not be targeted or affected by similar actions in the future, and our business operations and operating results in India will not be materially and adversely impacted by such

---

## RISK FACTORS

---

actions. These increased demands and challenges may cause us to operate our business less efficiently, which in turn could cause deterioration in the performance of our existing businesses and could have a material adverse effect on our business, results of operations or financial condition.

**If our MINISO Retail Partners or local distributors do not satisfactorily fulfill their responsibilities and commitments, our brand image, results of operations could be materially harmed.**

Our products are sold to consumers through either our directly operated stores or through stores operated by our MINISO Retail Partners or local distributors. As of December 31, 2021, over 95% of MINISO stores in our global network were established and operated by our MINISO Retail Partners and local distributors. We typically enter into franchise agreements with our MINISO Retail Partners or master license agreements and product sales agreements with our local distributors. These agreements set out each party's responsibilities under different cooperation model. See "Business – Our Store Network" for more information on different types of store operation models.

We believe consumers expect the same quality of our products regardless of whether they visit a store operated directly by us or by a MINISO Retail Partner or a local distributor, so we provide operational guidelines on key aspects of store operations ranging from frontline store-level staff training, store layout, merchandise mix, interior design, inventory management, to pricing recommendation so as to maintain our uniform brand image across MINISO stores. However, we cannot assure you that we will be successful in monitoring store operations by our MINISO Retail Partners or local distributors and detecting any and all inconsistencies with our brand image or values or non-compliance with the provisions of our cooperation agreements by them. For example, our local distributors may deviate from our pricing strategy and sell our products at higher prices without our consent, which will jeopardize our brand positioning and image. Our MINISO Retail Partners or local distributors may also breach other provisions of the agreements with us or otherwise engage in illegal actions or misconducts. In addition, we typically do not allow local distributors to have sub-contractors or sub-distributors or otherwise assigning the rights under the licensing agreement to a third party without our prior written consent. Once we consent, our local distributors are generally entitled to choose their sub-contractors or sub-distributors and negotiate the transaction terms directly with them. We typically do not have any contractual relationship with any sub-contractors or sub-distributors and do not control or deal with them directly. As a result, we have very limited control over sub-contractors or sub-distributors and cannot guarantee that they are able to provide satisfactory services to consumers. See also "–Illegal actions or misconduct of our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, third-party suppliers or other service providers, or any failure by them to provide satisfactory products or services could materially and adversely affect our business, reputation, financial condition and results of operations."

---

## RISK FACTORS

---

Any non-compliance by our MINISO Retail Partners, local distributors or any sub-contractors and sub-distributors with our operational guidelines could, among other things, diminish the overall shopping experience delivered to consumers, negatively affect our brand reputation or demands for our products.

**If we fail to maintain the relationship with our MINISO Retail Partners or our local distributors or fail to attract new MINISO Retail Partners or local distributors to join our store network, our business, results of operations and financial condition could be materially and adversely affected.**

As of December 31, 2021, over 95% of MINISO stores globally are operated by our MINISO Retail Partners and local distributors. As a result, maintaining the relationship with our MINISO Retail Partners and local distributors and attracting new MINISO Retail Partners and local distributors to join our store network are critical to our business and results of operations. For the fiscal years ended June 30, 2019, 2020 and 2021 and for the six months ended December 31, 2021, the number of terminated distributors was 3, 8, 9 and 11, compared to the number of new distributors of 72, 37, 34 and 20. During the same periods, the number of terminated MINISO Retail Partners was 64, 52, 100 and 47, compared to the number of new MINISO Retail Partners of 82, 80, 178 and 100. However, we may not be able to maintain our relationship with MINISO Retail Partners and local distributors due to a number of factors, some of which are beyond our control. For example, if our existing products or new products fail to attract consumers, our MINISO Retail Partners and local distributors may experience sales declines. As a result, they may not be able to generate investment returns as they expected, and thus choose not to renew their agreements with us. Sales declines or unsuccessful operation of MINISO stores could also arise from failures by our MINISO Retail Partners and local distributors to lease premises in optimal locations with large consumer traffic and commercial potentials, hire and train qualified store managers or other sales personnel, insufficient experience in operating retail stores, and lack of overall store management experience, among others. Although we are able to provide management and consultation services to support their store operation, we cannot assure you that with these supports our MINISO Retail Partners and local distributors will be able to successfully operate MINISO stores. As a result, our MINISO Retail Partners and local distributors may terminate their agreements with us or choose not to renew such agreements with us. In addition, we may also be unable to continuously offer attractive terms or economic benefits to our MINISO Retail Partners or local distributors. As a result, our MINISO Retail Partners or local distributors may not be effectively motivated to sell more products or continue the cooperative relationships with us. If our MINISO Retail Partners or local distributors decide to shut down MINISO stores they opened, we will refund the corresponding deposit to them. If our MINISO Retail Partners or local distributors decide to shut down a large number of MINISO stores within a very short period of time, we may need a large amount of cash to refund the deposits. As a result, we may experience liquidity risks. In addition, we may not be able to attract a sufficient number of new MINISO Retail Partners and local distributors to join our network and open MINISO stores, which will negatively affect our future business growth. The occurrence of any of the above could have a material and adverse effect on our expansion plans, business prospects, results of operations and financial condition.



---

## RISK FACTORS

---

### **Our operations have been and may continue to be affected by COVID-19 pandemic.**

Our business and financial performance have been adversely affected by the outbreaks of COVID-19. The global COVID-19 pandemic continues to rapidly evolve and we cannot anticipate with any certainty the length or severity of the effects of COVID-19. As of the Latest Practicable Date, our business has been adversely affected by COVID-19 pandemic primarily in the following aspects:

- *MINISO store operations:* The outbreaks of COVID-19 have resulted in the temporary closure of many corporate offices, retail stores and manufacturing facilities across China. In response to the pandemic, the Chinese government took a number of actions, such as temporary lock-down of certain communities, quarantining individuals infected with or suspected of being infected, imposing travel restrictions, encouraging employees of enterprises to work remotely from home, and cancelling public activities, among others. To protect the health and well-being of our employees and consumers and in support of efforts to control the spread of the outbreak, we closed or reduced working hours at our headquarters and offices and made remote working arrangements in early 2020. Our headquarters and offices had been reopened in an orderly manner, and the majority of MINISO stores in China were open and operating under normal business hours by June 30, 2020. During the period from July 2020 to December 2021, the emergence of new variants of COVID-19 in China adversely impacted our store operations, which caused temporary store closures and reduced operating hours on occasion, as a result of governmental restrictions in public places to reduce the spread of virus. As of December 31, 2021, about 3% of our MINISO stores in China were temporarily closed.

As the COVID-19 situation continues to evolve globally and new variants have emerged, MINISO stores in overseas markets have also been impacted by temporary store closures, reduced opening hours and/or reduced consumer traffic from late March 2020 to December 2021. As of December 31, 2021, about 4% of MINISO stores in overseas markets were temporarily closed. For those stores that resumed operations, a majority of them were half-opened or had operating hours reduced due to regional resurgences of COVID-19. Such negative impact of COVID-19 also adversely affected our store network expansion.

The COVID-19 pandemic also resulted in a decrease of the number of MINISO Retail Partners and local distributors during the Track Record Period. See “Business – Our Store Network – Store Operation in China” and “Business – Our Store Network – Store Operation Overseas” for more details.

- *Operating results and other financial metrics:* Negative impact of COVID-19 on our business operations has resulted in a decrease in our revenue generated from overseas operations and slower sales growth in China. Our revenue generated from international markets decreased by 3.2% from RMB3,030.9 million in the fiscal year

---

## RISK FACTORS

---

ended June 30, 2019 to RMB2,934.9 million in the fiscal year ended June 30, 2020, and further decreased by 39.3% to RMB1,780.5 million (US\$279.4 million) in the fiscal year ended June 30, 2021. Our revenue generated from international markets increased by 64.9% from RMB813.2 million in the six months ended December 31, 2020 to RMB1,340.6 million (US\$210.4 million) in the six months ended December 31, 2021.

In China, we managed to realize a growth in revenue from China of 20.6% from RMB6,044.1 million in the fiscal year ended June 30, 2020 to RMB7,291.2 million (US\$1,144.2 million) in the fiscal year ended June 30, 2021. Our revenue generated from China also increased by 14.9% from RMB3,556.7 million in the six months ended December 31, 2020 to RMB4,086.3 million (US\$641.2 million) in the six months ended December 31, 2021. However, our sales growth in China in 2021 was still negatively affected by the outbreaks of the Delta variant and Omicron variant of COVID-19 in certain provinces. Resurgences of the COVID-19 pandemic may continue to negatively affect our business operations and results of operations and our financial performance may fluctuate in the future as a result.

While the duration of the pandemic, disruption to our business and related financial impact cannot be reasonably estimated at this time, we currently expect that our consolidated results of operations for the rest of the fiscal year ending June 30, 2022 will continue to be negatively affected with potential adverse impact of COVID-19 in subsequent periods. We have adopted measures in response to the negative impact of the COVID-19 pandemic, including sales promotions, and may continue to adopt such measures. These measures, if adopted, would have negative impacts on our gross profit margin for the sales of products.

The COVID-19 pandemic also negatively affected our supply chain such as manufacturing, warehousing and shipping of our products. See “–We are subject to certain risks relating to the warehousing and shipment of our products” and “–We rely on third-party suppliers to provide products to us. If we fail to manage or expand our relationships with third-party suppliers, or otherwise fail to procure products on favorable terms, our business and growth prospects may suffer” for more information. In addition, our inventory level was also negatively affected. See “–If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected” for more information.

Our MINISO Retail Partners are also affected by the COVID-19 pandemic. Based on a survey conducted by Frost & Sullivan, our MINISO Retail Partners in China generally recover their store investment in a period of 12 to 15 months after store opening. However, the continual impact of the pandemic and the lock-down and other measures taken in response may cause prolonged investment recovery period for our MINISO Retail Partners.



---

## RISK FACTORS

---

The COVID-19 pandemic remains a rapidly evolving situation, with several variants emerging and causing further movement restrictions globally. While many of the restrictions on movement within China and other countries have been relaxed, there is great uncertainty as to the future progress of the pandemic. Relaxation of restrictions on economic and social life could lead to new cases, which may lead to the re-imposition of restrictions. Our business operations, results of operations and financial condition could be further adversely affected if a wide spread of COVID-19 happens again in the locations where we have business operations.

**Illegal actions or misconduct of our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, third-party suppliers or other service providers, or any failure by them to provide satisfactory products or services could materially and adversely affect our business, reputation, financial condition and results of operations.**

Our reputation and operation may be harmed by illegal or unsatisfactory actions taken by our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, third-party suppliers, and other third parties over which we have limited control. Any failure to obtain the requisite licenses and approvals from governmental authorities and any failure of our product suppliers to ensure product quality or to comply with our quality standards or other laws and regulations could result in regulatory penalties and negative publicities, interrupt our operations, result in claims against us, and subject us to damages and harm our reputation and brand image. Any delay in delivery of our products, damage to our products during the course of delivery and inappropriate actions taken by deliverymen of our delivery service providers could also cause consumer complaints and negative publicities.

In addition, if our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors engage in any unlawful activities, fail to provide a satisfactory shopping experience, or are involved in any claims, allegations, lawsuits, litigations, administrative penalties or other legal proceedings, with or without merits, no matter whether we are a party or not, we might also be subject to reputational risks. Historically, a local distributor in an overseas market engaged in activities that caused harm to our reputation, our business and results of operations in Canada. After we became aware of the activities, we took several actions against the distributor including requiring the distributor to initiate a legal proceeding under the Companies' Creditors Arrangement Act. Pursuant to the legal proceeding, we acquired certain assets of the distributor consisting of MINISO store operations as a consideration to reduce a portion of overdue payment owed to us by the distributor. We have been operating in the Canadian market since then through our own subsidiaries in Canada and either directly operate MINISO stores by ourselves or through cooperation with local distributors. We also entered into new agreements with local distributors. In an effort to prevent the recurrence of similar incidents, we reviewed and updated the contract terms with local distributors and the mechanism for cooperation with local distributors. We also optimized our internal control procedures with respect to contract management and financial management of overseas companies, in particular Canada subsidiaries, regarding distributor management. Despite the fact that we have representatives in our overseas markets and such representatives, among other responsibilities, supervise the operating activities of our MINISO Retail Partners and local distributors and our efforts to prevent similar incidents from happening, we cannot

---

## RISK FACTORS

---

assure you that similar incidents would not happen in the future. We also cannot guarantee that our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors will fully comply with relevant provisions in our agreements with them regarding various operational standards. If any of our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors engage in any type of illegal actions or misconducts, our business, reputation, financial condition and results of operations could be materially and adversely affected.

As we expand our online sales channels, we have entered into cooperation with third parties such as live streaming platforms and broadcasters to promote the sales of our products. The promotion of our products on living streaming platforms are conducted in real time. Broadcasters may inadvertently have conversations or engage in activities that are inappropriate, contentious, immoral, disrespectful or even unlawful, which could cause serious damage our reputation and brand image and could very likely result in negative publicity about us. We may also be subject to administrative penalties or involved in lawsuits as a result. Any negative publicity about live streaming platforms we cooperate with may also negatively affect public perception about our brand image.

In the event that we become subject to claims caused by actions taken by our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, third-party suppliers, and other third parties, we may seek compensation from or take other actions against the relevant MINISO Retail Partners, local distributors, third-party suppliers, or other service providers. However, such compensation may be limited. For example, we may not be able to get fully compensated from our suppliers in case that our losses attributed to their actions exceed the maximum amount of indemnification we are able to seek from them. If no claim can be asserted against our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, suppliers or other service providers, or amounts that we claim cannot be fully recovered from our MINISO Retail Partners, local distributors, sub-contractors or sub-distributors, suppliers or other service providers, we may be required to bear such losses and compensation at our own costs, which could have a material and adverse effect on our business, financial condition and results of operations.

Furthermore, our distributors may be unable or unwilling to provide us with information in relation to their inventory levels and sales of our products in a timely manner, or at all. As we do not fully control the inventory and sales data belonging to our distributors, we rely on information provided to us by our distributors. As a result, our ability to accurately track the sales of our products by and the inventory level of our distributors is limited. Our sales to distributors may not be reflective of actual sales trends to consumers, and we may not be able to timely gather sufficient information and data regarding the market demand and consumers' preferences for our products. Failure to accurately track sales and inventory levels of our distributors and timely gather market information may cause channel stuffing risks and/or cause us to incorrectly predict sales trends and impede our ability to quickly align our marketing and product strategies in response to market changes.

---

## RISK FACTORS

---

**Our revenue per MINISO store has experienced, and may continue to experience, significant fluctuation from period to period.**

Our revenue growth historically was largely driven by the expansion of our MINISO store network. Our revenue per MINISO store, which is calculated by dividing the revenue of MINISO brand by the average number of MINISO stores of the relevant period, has fluctuated significantly historically with a decrease of 19.8% from the fiscal year ended June 30, 2019 to the fiscal year ended June 30, 2020, and a decrease of 11.3% from the fiscal year ended June 30, 2020 to the fiscal year ended June 30, 2021. Our revenue per MINISO store also experienced an increase of 6.8% from the six months ended December 31, 2020 to the six months ended December 31, 2021. The decreases were primarily due to the outbreak of COVID-19, and an increasing number of new stores being opened in lower-tier cities and under penetrated locations as we continued to expand our footprint in China and globally, as well as increased competition.

A variety of factors may cause fluctuation in our revenue per MINISO store, including the following:

- the size and the geographic location of MINISO stores;
- decrease in store openings and closure of stores;
- change in our store mix, including China market versus international markets, breakdown in different tier cities in China, and breakdown in different locations within the same tier cities;
- MINISO stores' ability to maintain and increase sales to existing consumers, attract new consumers and satisfy consumer demands;
- the frequency of consumer visits to MINISO stores and the quantity and mix of products consumers purchase;
- the pricing of our products or change in our pricing strategies or those of our competitors;
- timing and costs of marketing and promotional programs organized by us and/or our MINISO Retail Partners and local distributors;
- our MINISO Retail Partners and local distributors' ability to manage inventory and provide superior consumer experience;
- the competition that we and/or our MINISO Retail Partners and local distributors face in the markets, for example, the entry of new competitors, introduction of new products or services by competitors and their marketing efforts;

---

## RISK FACTORS

---

- epidemics and pandemics, such as the COVID-19 outbreak;
- economic and geopolitical conditions in China and overseas markets; and
- seasonal variations in demand.

As a result, you may not be able to rely on our historical revenue per MINISO store as an indication of our future performance. Our revenue per MINISO store may further decrease and is not expected to grow significantly in the near future.

**We rely on third-party suppliers to provide products to us. If we fail to manage or expand our relationships with third-party suppliers, or otherwise fail to procure products on favorable terms, our business and growth prospects may suffer.**

We source our products from third-party suppliers. As of December 31, 2021, we had over 1,000 domestic and overseas suppliers. Our suppliers work closely with our designers and product managers in product design and manufacturing so that we can seamlessly provide consumers with ever-changing merchandises across the globe. We strive to establish mutually beneficial relationships with our suppliers. We typically enter into two-year framework agreements with our suppliers and place orders under these framework agreements. These framework agreements are usually renewable upon mutual agreement between us and our suppliers. We cannot assure you that our current suppliers will continue to sell products to us on commercially acceptable terms, or at all, after the expiration of the current agreements. Even if we maintain good relationships with our suppliers, their ability to supply products to us in sufficient quantity, in a timely manner and at competitive prices may be adversely affected by economic conditions, labor actions, regulatory or legal decisions, customs and import restrictions, natural disasters or other causes. For example, the outbreak of COVID-19 in China in early 2020 resulted in temporary business closures of certain of our suppliers and tight liquidity of a few of our suppliers, which led to delays in supplying products to our stores. As the COVID-19 pandemic is still evolving, we cannot assure you that product supply delays would not happen again. In addition, in the event that we are not able to purchase a sufficient quantity of merchandise at favorable prices, our revenues and cost of revenues may be materially and adversely affected.

We require our suppliers to comply with confidentiality provisions in our agreements with them to protect our interest. However, we cannot assure you that our suppliers will fully comply with these requirements. Failure to comply with such obligations may lead to a leakage of confidential information that is critical to our product design and business operations or otherwise harm our competitive positions and business operations.

Our suppliers typically provide us a payment term of 30 to 60 days. If our suppliers cease to provide us with favorable payment terms, our requirements for working capital may increase and our operations may be materially and adversely affected. We will also need to establish new supplier relationships to ensure that we have access to a steady supply of products on favorable commercial terms. If we are unable to develop and maintain good relationships with

---

## RISK FACTORS

---

suppliers that would allow us to obtain a sufficient amount and variety of quality merchandise on acceptable commercial terms, it may inhibit our ability to offer sufficient products sought by consumers, or to offer these products at competitive prices.

Any adverse developments in our relationships with suppliers could materially and adversely affect our business and growth prospects. Any disputes with suppliers could adversely affect our reputation and subject us to damages and negative publicity. Furthermore, we purchased products on an arm's length basis from related-party suppliers and may continue to do so in the future. We cannot rule out the possibility that there will be other parties alleging that these transactions were not conducted on an arm's length basis. In addition, as part of our growth strategy, we plan to further expand our product offerings. If we fail to manage our relationship with existing suppliers and attract new suppliers to cooperate with us for any reason, our business and growth prospects may be materially and adversely affected.

In addition, our agreements with suppliers have various provisions on other topics such as employment and workplace safety. However, we do not have direct control over our suppliers or other business partners. Any non-compliance with these provisions by the suppliers could result in negative publicity against us, which could materially and adversely affect our reputation, brand image, business operations and results of operations.

**We have undertaken strategic collaborations with IP licensors. If we fail to expand or maintain our collaboration with IP licensors, or our existing collaboration with any of our IP licensors is terminated or curtailed, or if we are no longer able to benefit from such business collaborations, our business and results of operations may be adversely affected.**

Strategic collaborations with IP licensors is a key strategy for us to expand our product offerings. As of December 31, 2021, we had entered into collaboration with IP licensors owning 75 popular brands to jointly develop products that attract consumers. If we are unable to expand or maintain our collaboration with these IP licensors in the future, our business and operating results may be materially and adversely affected. To the extent we cannot maintain our cooperative relationships with any of these IP licensors, it may be very difficult for us to identify qualified alternative IP licensors, which may divert significant management attention from existing business operations and adversely impact our daily operation and consumer experience. Our cooperation with IP licensors may also be adversely affected by negative publicities regarding our IP licensors, which could negatively affect our reputation, business and results of operations.

In addition, the license agreements we entered into with IP licensors contain extensive and detailed provisions setting forth scope of licenses, such as categories and sub-categories of products authorized to use licensed IPs and various excluded sub-categories of products, number of products within each categories that are allowed to use licensed IPs, territories where sales of co-branded products are allowed, among others. We, our employees and our business partners may inadvertently breach such IP protection provisions and therefore subject us to liabilities under our agreements with IP licensors. Disputes may also arise due to reasons

---

## RISK FACTORS

---

that we are unable to foresee. If we are unable to resolve disputes with IP licensors, we may not be able to continue our cooperation with our IP licensors, which could have a material and adverse effect on our business and operating results.

Our agreements with IP licensors generally have a term of not more than three years. If we are unable to sell all of the co-branded products in our inventory within a reasonable period of time after the expiration of relevant agreements, we will not be able to continue to sell those products and may have to destroy our inventories. As a result, we may have to write down such inventories, which would result in negative impacts on our operating results and financial conditions. See “–If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected” for more information on inventory related risks.

**Should a product liability issue, recall or personal injury issue arise, it may damage our reputation and brand image, which may result in a material adverse effect on our business, reputation, results of operations and financial condition.**

Products that we sell could become subject to contamination, product tampering, mislabeling, recall or other damage. Products that we sell could also lead to personal injuries. Product liability or personal injury claims may be asserted against us with respect to any of the products we sell. A successful product liability claim against us could require us to pay a substantial monetary award and the coverage limits under our insurance programs and the indemnification amounts available to us may not be adequate to protect us against these claims. We may also not be able to maintain insurance against such claims on acceptable terms in the future. Our agreements with our suppliers generally require our suppliers to deposit certain amount of money in our bank accounts to ensure their compliance with the agreements with us and compensate us for any losses we may incur as a result of product defects. However, such limited amounts may not be sufficient to cover our losses arising from product liability issues. Although we may seek indemnification or contribution from our suppliers in certain circumstances, we cannot assure you that we will be able to receive indemnification or contribution in full in a timely manner, or at all.

In addition, the PRC government, media outlets and public advocacy groups have been increasingly focused on consumer protection in recent years. The products sold by us may be defectively designed, manufactured or of quality issue, or cause harm and adverse effect to the health of our customers. The offerings of such products by us may expose us to liabilities associated with consumer protection laws. Pursuant to the Consumers Rights and Interests Protection Law of the PRC, or the Consumers Rights and Interests Protection Law, business operators must guarantee that the commodities they sell satisfy the requirements for personal safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or to criminal penalties when personal damages are involved or if the circumstances are severe. Although we would have



---

## RISK FACTORS

---

legal recourse against the supplier or manufacturer of such products under the PRC law if the liabilities are attributable to the supplier or manufacturer, attempting to enforce our rights against the supplier or manufacturer may be expensive, time-consuming and ultimately futile.

Moreover, government investigations of or other regulatory measures regarding product quality issues or product liability or personal injury claims, even if unsuccessful or not fully pursued, could generate substantial negative publicity about our products and business, which would have material adverse effects on our reputation, brand, business, prospects and operating results, and these effects could persist over a long term.

We have historically initiated voluntary product recalls. In August 2019, Shanghai Food and Drug Administration found that a batch of “peelable nail polish” sold in MINISO stores in Shanghai containing chloroform that exceeded the highest acceptable level under relevant PRC laws. We then voluntarily recalled the product. A total of 980 bottles of nail polish were recalled and returned to the supplier of this batch of product. We did not incur any financial loss in connection with the voluntary product recall because pursuant to the terms of the agreement with the supplier, the supplier is responsible for any losses incurred as a result of product returns arising from product quality issues. We may in the future, voluntarily or involuntarily, initiate product recalls if any of our products is proven to be defective or non-compliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary, could involve significant expenses and could adversely affect our brand image in our target markets, as well as our business, prospects, financial condition and results of operations.

Our return and exchange policies allow consumers to return or exchange products they purchased. For example, in China, consumers can return products with defects they purchased within seven days of purchase or exchange products with defects they purchased within 15 days of purchase. In addition, we provide warranties for most of the products we sell, subject to certain conditions, such as warranty only applies to normal use. The length of warranty period varies between different categories of products. For example, in China, we generally provide a warranty term of six months for electronic accessories we sell to consumers. The occurrence of any material defects in our products could make us liable for damages and warranty claims. In addition, we could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Any negative publicity related to the perceived quality of our products could affect our brand image, decrease distributor and consumer demand, and adversely affect our operating results and financial condition. While our warranty is limited to repairs and returns, warranty claims may result in litigation, the occurrence of which could adversely affect our business and operating results.

**If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.**

Our business has continued to grow in recent years, and we expect continued growth in our business and revenues. We plan to further expand and upgrade our store network both in China and globally and enhance our product development and supply chain capabilities. We

---

## RISK FACTORS

---

face certain risks in executing these strategies and we cannot assure you that we will be able to execute our growth strategies successfully and realize our expected growth. For example, as we continue to expand our store network and increase our product offerings, we will need to work with a large number of new suppliers, MINISO Retail Partners and local distributors efficiently and establish and maintain mutually beneficial relationships with our existing and new suppliers, MINISO Retail Partners and local distributors. New products we are going to offer in the future may also not be accepted by the market. To support our growth, we also plan to deepen consumer engagement, provide consumers with multi-channel experience, and accelerate digital transformation of MINISO stores and TOP TOY stores. All these efforts will require significant managerial, financial and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement all these measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected. In addition, we may expand and upgrade our office space and facilities by acquiring land to build an office building, which may lead to increased capital expenditure and negatively affect the funds available for executing our growth strategies or for our business operations.

**If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.**

Our scale and business model require us to manage a large volume of inventory effectively. We depend on our demand forecasts for various kinds of products to make purchase decisions and to manage our inventory. Demand for products, however, can change significantly between the time inventory is ordered and the date by which we target to sell it. Demand may be affected by seasonality, new product launches, changes in product cycles and pricing, product defects, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, and consumers may not order products in the quantities that we expect. In addition, when we begin selling a new product, we may not be able to accurately forecast demand. The procurement of certain types of inventory may require significant lead time and prepayment, and they may not be returnable.

Our inventories have increased from RMB1,309.0 million as of June 30, 2019 to RMB1,395.7 million as of June 30, 2020 and further to RMB1,496.1 million (US\$234.8 million) as of June 30, 2021. As of December 31, 2021, our inventories amounted to RMB1,361.0 million (US\$213.6 million). Our inventory turnover days for a given period are equal to average balances of inventories calculated from the beginning and ending balances of the period divided by cost of inventories during the period and then multiplied by the number of days during the period. Our inventory turnover days were 63 days for the fiscal year ended June 30, 2019, 78 days for the fiscal year ended June 30, 2020 and 79 days for the fiscal year ended June 30, 2021. For the six months ended December 31, 2021, our inventory turnover days were 68 days. In addition, as we plan to continue expanding our product offerings, we expect to include more products in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. For the fiscal years ended June 30, 2019 and 2020, we recorded an inventory write-down of



---

## RISK FACTORS

---

RMB89.9 million and RMB68.3 million, respectively. For the fiscal year ended June 30, 2021 and for the six months ended December 31, 2021, we recorded a reversal of inventory write-down of RMB51.1 million and RMB34.7 million, respectively.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. To reduce our inventory level, we usually choose to sell certain of our products at lower prices, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition.

On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenues, any of which could harm our business and reputation.

### **We are subject to certain risks relating to the warehousing and shipment of our products.**

Before delivery of our products to stores, we store them in warehouses we leased in China and other countries. If any accidents, including fires, were to occur, causing damage to our finished products or our warehouses, our ability to supply products to stores on time and our market reputation, financial condition, results of operations or business could be materially and adversely affected. We often outsource the delivery of our products to stores and to our online consumers to third-party logistics and transportation companies. Relying on these third parties increases the risk that we may fail to deliver finished products on time. The efficient operation of stores depends on the timely receipt of products from our warehouses. Such logistics services could be suspended and thereby interrupt the supply of our products if unforeseen events occur which are beyond our control, such as COVID-19, poor handling of and damage to our finished products, transportation bottlenecks and/or labor strikes. For the warehouses we leased in China, we had to temporarily shut down those warehouses in February 2020 due to the outbreak of COVID-19. While MINISO stores and warehouses in China resumed normal operation in March 2020, the outbreaks of the Delta variant and Omicron variant of COVID-19 in several provinces in China have caused disruptions to the operation of our logistics and transportation service providers, which has negatively impacted our product shipment and delivery. As a result, delivery of products from warehouses to MINISO stores and delivery of products from China to overseas markets were delayed, we and our overseas distributors incurred increased costs on product delivery. Shipping of our products in certain overseas countries has also been negatively affected by the pandemic such as delays in shipment of products. If our products are not delivered on time or are delivered in a damaged state, our market reputation could be adversely affected. These third parties may also employ personnel who may be represented by labor unions. Disruptions in the delivery of products due to work stoppages by employees or contractors of any of these third parties could delay the timely

---

## RISK FACTORS

---

receipt of products. There can be no assurance that such stoppages or disruptions will not occur in the future. The occurrence of any of these problems alone, or together, could have a material adverse effect on our financial condition, results of operations or business.

**If we fail to successfully implement our e-commerce initiative, our business and results of operations could be adversely impacted.**

The retail industry continues to rapidly evolve and consumers increasingly embrace e-commerce. As a result, the portion of total consumer expenditures with retailers occurring through e-commerce platforms is increasing. We have been implementing our e-commerce initiative to capture additional consumer base and provide our existing consumers new shopping experience. Our e-commerce initiative includes expanding our online offerings and broadening our online sales channels by collaborating with e-commerce platforms and online-to-offline platforms. To implement our e-commerce initiative, we will also cooperate with retail platforms and leverage our vast network of store-based communities to allow consumers to conveniently place orders with their store of choice, ultimately to provide consumers with seamless multi-channel shopping experience. We cannot assure you that we will be able to make, improve, or develop attractive, user-friendly and secure online sales channels that offer a wide assortment of merchandise at affordable prices with rapid and low-cost delivery options. We may also not be able to continually meet the changing expectations of online shoppers, developments in online and digital platform merchandising and related technology. All of these could place us at a competitive disadvantage, result in the loss of e-commerce and other sales, harm our reputation, and have a material adverse impact on the growth of our e-commerce business, reputation and results of operations. In addition, if our e-commerce channels or our other client-facing technology systems do not function as designed or experience cyber-attacks, we may experience a loss of consumer confidence, data security breaches, lost sales, or be exposed to fraudulent purchases, any of which could adversely affect our business, reputation and results of operations. See “–Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.”

**We face intense competition. We may not be able to maintain or may lose market share and consumers if we fail to compete effectively.**

The retail industry is intensely competitive and has low entry barriers. We compete for consumers, product suppliers and IP licensors. Our current or potential competitors include (i) traditional retailers, including specialty retail stores, supermarkets, and department stores; (ii) online retailers; and (iii) variety retailers competing with us locally. See “Business – Competition.” In addition, new and enhanced technologies may increase the competition in the retail industry. New competitive business models may appear, for example based on new forms of social media or social commerce. Increased competition may reduce our margins and market share and impact brand recognition, or result in significant losses.

---

## RISK FACTORS

---

Some of our current or future competitors may have more operating experience, greater brand recognition, better supplier relationships, larger consumer bases, higher penetration in certain regions or greater financial, technical or marketing resources than we do. Those smaller companies or new entrants may be acquired by, receive investment from or enter into strategic relationships with well-established and well-financed companies or investors which would help enhance their competitive positions. Some of our competitors may be able to secure more favorable terms from suppliers, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to their websites, mobile apps and systems development than us. We cannot assure you that we will be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

### **We may not be able to sustain our historical growth rates.**

We have experienced rapid growth since our inception in 2013. However, there is no assurance that we will be able to maintain our historical growth rates in future periods and it is difficult to evaluate our future prospects based on our historical performance. Our revenue growth may slow or our revenues may decline for any number of possible reasons and some of them are beyond our control, such as decreased consumer spending, increased competition, slowdown in the growth or contraction of the retail or online retail industry in China and around the world, emergence of alternative business models, changes in government policies or general economic conditions, and natural disasters or virus outbreaks. We will continue to expand our store network and product offerings and may explore new operating models to bring greater convenience and better experience to consumers and increase consumer base and number of transactions. Implementation of our expansion plan and execution of our new business initiatives are subject to uncertainty and the total number of SKUs sold and number of transacting consumers may not grow at the rate we expect for the reasons stated above. In addition, there may be particular complexities, regulatory or otherwise, associated with our expansion into new product categories or new markets. If our growth rate declines, investors' perceptions of our business and business prospects may be adversely affected and the market price of the ADSs could decline.

### **We had losses for the fiscal years ended June 30, 2020 and 2021.**

We recorded a loss of RMB130.1 million from continuing operations in the fiscal year ended June 30, 2020 and a loss of RMB1,429.4 million (US\$224.3 million) from continuing operations in the fiscal year ended June 30, 2021. We had loss from continuing operations in the fiscal years ended June 30, 2020 and 2021 mainly due to a substantial increase in equity-settled share-based payment expenses, and a loss related to fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights. If any of these risks materialize, our results of operations could be adversely affected.

---

## RISK FACTORS

---

**Our results of operations could be negatively affected by fair value changes and other risks of financial assets measured at fair value through profit or loss.**

We invested in certain financial products during the Track Record Period. Those financial products represented wealth management products, asset management schemes and trust management scheme. The fair value of these financial products are measured by our management regularly and we record profit or loss to reflect the fair value changes. See notes 20 and 34 to Accountants' Report in Appendix IA to this document for more detailed information. We recorded investment income for the financial products we purchased of RMB1.3 million, RMB26.4 million, RMB66.8 million (US\$10.5 million) and RMB40.4 million (US\$6.3 million) in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. To reflect the net change in fair value of such financial products, we also recorded a net income of RMB1.5 million, a net loss of RMB1.5 million, a net income of RMB3.0 million (US\$0.5 million) and a net income of RMB5.3 million (US\$0.8 million) in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. We expect to continue to record such investment income and fair value changes, which would affect our results of operations in the future.

**Our results of operations could be negatively affected by the non-recurring nature of government grants and preferential tax treatment.**

We recorded other income of government grants of RMB9.3 million, RMB36.6 million and RMB46.6 million for the fiscal years ended June 30, 2019, 2020 and 2021. We also recorded other income of government grants of RMB42.3 million and RMB13.9 million for the six months ended December 31, 2020 and 2021. Government grants mainly represented unconditional cash awards granted by local authorities in China during the Track Record Period. During the six months ended December 31, 2021, government grants also included subsidies obtained by the subsidiaries in the U.S. under the Paycheck Protection Program Rule. See note 7 to Accountants' Report in Appendix IA to this document for more detailed information. Whether or not we will receive any government grants and, if yes, the amount of such grants are highly uncertain and beyond our control. There is no assurance that we will continue to receive any government grants in the future. Such uncertainties will affect our results of operations in the future. In addition, certain of our subsidiaries enjoy preferential tax treatments. See note 11 to Accountants' Report in Appendix IA to this document for more detailed information. However, we cannot assure you that these subsidiaries will continue to enjoy preferential tax treatments in the future. If these subsidiaries are unable to enjoy preferential tax treatments in the future, our results of operations will be negatively affected.

**Our deferred tax assets may not be recovered.**

Our deferred tax assets may not be recovered. As of December 31, 2021, our deferred tax assets amounted to RMB161.0 million, representing approximately 1.5% of our total assets. We periodically assess the probability of the realization of deferred tax assets, using accounting judgments and estimates with respect to, among other things, historical operating results,

---

## RISK FACTORS

---

expectations of future earnings and tax planning strategies. In particular, these deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available, against which the deferred tax assets can be utilized. However, we cannot assure you that our expectation of future earnings will materialize, due to factors beyond our control such as general economic conditions or, negative development of a regulatory environment, in which case we may not be able to recover our deferred tax assets, which in turn could have a material adverse effect on our financial condition and results of operations.

**We are subject to credit risks related to our trade receivables.**

Our trade receivables are derived mainly from credit sales to certain distributors. For these distributors, we allow a credit term of 30 to 180 days. For other distributors, we generally require them to make part or all payments in advance for their product procurement. The total balance of our trade receivables before loss allowance was approximately RMB409.1 million as of June 30, 2019, RMB329.9 million as of June 30, 2020, RMB374.8 million as of June 30, 2021 and RMB435.7 million as of December 31, 2021. We also made loss allowance of RMB91.7 million as of June 30, 2019, RMB43.2 million as of June 30, 2020, RMB59.8 million as of June 30, 2021 and RMB77.1 million as of December 31, 2021. If any of these distributors with significant outstanding trade receivable balances were to become insolvent or otherwise unable to make payments in a timely manner, or at all, we would have to make further provisions against such trade receivables, or write off the relevant amounts, either of which could adversely affect our profitability and liquidity position.

**If we determine our goodwill to be impaired, our results of operations and financial condition would be adversely affected.**

On March 11, 2021, we acquired 70% of the shares of MINISO SG Pte. Ltd. from two third parties at a cash consideration of SGD2,100,000 (equivalent to RMB10,257,000). We recorded goodwill of RMB19.6 million in connection with the acquisition. The value of goodwill is based on forecasts, which are in turn based on a number of assumptions. If any of the assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record an impairment loss, which could in turn adversely affect our results of operations. We will determine whether goodwill is impaired at least on an annual basis and there are inherent uncertainties relating to these factors and to our management's judgment in applying these factors to the impairment assessment. We could be required to evaluate the impairment prior to the annual assessment if there are any impairment indicators, including disruptions to business operations and unexpected significant declines in operating results or a decline in our market capitalization. We may also suffer from significant impairment loss even if we determine to amend any assumption used in our impairment testing. If we record an impairment loss as a result of these or other factors, our results of operations and financial condition may be adversely affected.

---

## RISK FACTORS

---

**Impairment of our intangible assets could negatively affect our financial condition and results of operations.**

We record intangible assets of RMB53.3 million as of December 31, 2021. Our intangible assets represent software. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We recorded impairment losses of intangible assets of RMB0.3 million as of December 31, 2021. However, we cannot guarantee that we will not record greater impairment losses of intangible assets in the future. Material impairment of intangible assets could negatively affect our financial condition and results of operations.

**If we are unable to honor our obligations in respect of our contract liabilities, our cash or liquidity position could be negatively affected.**

Our current contract liabilities primarily consists of advance payments received from customers for purchase of goods from us and license fees and membership fees we received. We normally request 20% to 100% advance payment for purchase of goods from certain overseas distributors prior to our delivery of goods, which gives rise to contract liabilities at the start of a sales order, until the revenue of sales of products recognized on the corresponding sale order exceeds the amount of payments received in advance. With respect to license fees and membership fees, unamortized portion of upfront license fees and membership fees received was recognized as contract liability. Our total contract liabilities amounted to RMB321.5 million as of June 30, 2019, RMB292.5 million as of June 30, 2020 and RMB326.9 million (US\$51.3 million) as of June 30, 2021 and RMB330.1 million (US\$51.8 million) as of December 31, 2021. Were we unable to deliver products to certain overseas distributors, we would have to return the corresponding advance payments we received to distributors, which happened rarely during the Track Record Period. For the license fees and membership fees, we do not allow a refund of payments made. However, in practice, we refunded a very limited amount of license fees and membership fees to customers. To the extent we refund payments received, our cash position or liquidity position would be negatively affected.

**Unfavorable fluctuations in the price, availability and quality of raw materials to our third-party suppliers could cause material production delays or materially increase our cost of sales.**

The success of our overall business depends in part on the ability of third-party suppliers to timely obtain sufficient quantities of the necessary raw materials, of sufficient quality, at commercially acceptable prices to process and manufacture our products. Generally, unfavorable fluctuations in price, quality, or availability of necessary raw materials could have a negative effect on our gross profit margins and our ability to deliver our products to the market in a timely manner. If supplies of the necessary raw materials substantially decrease or if there are significant increases in prices of such raw materials, our third-party suppliers may incur additional costs to acquire sufficient quantities of these materials in order to maintain our product offering schedules. We may have to increase the retail prices of our products due to the increase in their procurement prices. So far, we are able to leverage our bargaining power and



---

## RISK FACTORS

---

transfer additional cost of raw materials to customers due to our cost plus mark-up pricing strategy. However, we cannot assure you that we will always be able to do so in the future. Moreover, increases in wages and labor costs in China and other countries in Asia may also lead to material increases in our cost of sales, thereby decreasing our gross profit margins. Any of the above may materially and adversely harm our business, brand image, financial condition, results of operations or reputation.

**Our return and exchange policies may negatively affect our results of operations.**

We have adopted consumer-friendly return and exchange policies that make it convenient and easy for consumers to return or exchange the products they purchased. For example, MINISO stores in China typically allow consumers to return the products within seven days of purchase and exchange products within 15 days of purchase. For the products purchased on our online shopping mall, consumers generally have a term of seven days to return or exchange products after a purchase. We may also be required by law to adopt new or amend existing return and exchange policies from time to time. These policies improve consumers' shopping experience and promote consumer loyalty, which in turn help us acquire and retain consumers. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenue. Our ability to handle a large volume of returns is unproven. If our return and exchange policy is misused by a significant number of consumers, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our costs and expenses, consumers may be dissatisfied, which may result in loss of existing consumers or failure to acquire new consumers at a desirable pace, which may negatively affect our results of operations.

**Fluctuations in currency exchange rates may lead to volatility in our results of operations.**

Our operations in countries outside China are conducted primarily in the local currencies of those countries or regions. We prepare our consolidated financial statements in RMB for reporting purposes. Foreign currency-denominated amounts such as the US dollar, Euro, Japanese yen and other foreign currencies are translated into RMB using exchange rates for the current period. In recent years, fluctuations in currency exchange rates that were unfavorable have had adverse effects on our reported results of operations. As a result of such translations, fluctuations in currency exchange rates from period-to-period that are unfavorable to us may result in our consolidated financial statements reflecting significant adverse period-over-period changes in our financial performance or reflecting a period-over-period improvement in our financial performance that is not as robust as it would be without such fluctuations in the currency exchange rates. Such unfavorable currency exchange rate fluctuations will adversely affect our results of operations. In addition, foreign currency-denominated cash and cash equivalents are exposed to fluctuations in the value of RMB against the currencies in which these cash and cash equivalents are denominated. As a result of the fluctuations in currency exchange rate, we recorded net foreign exchange gain of RMB12.6 million and RMB14.2

---

## RISK FACTORS

---

million for the fiscal years ended June 30, 2019 and 2020 and net foreign exchange loss of RMB114.2 million (US\$17.9 million) for the fiscal year ended June 30, 2021, respectively. For the six months ended December 31, 2021, we recorded net foreign exchange loss of RMB11.5 million (US\$1.8 million).

We may purchase products or services with a currency other than the local currency. When we must acquire the currency to pay for such products or services and the exchange rates for the payment currency fluctuate in a manner unfavorable to us, our cost of sales may increase and we may be unable or unwilling to shift the costs to the products we sell, which will have an adverse effect on our gross profit. Consequently, unfavorable fluctuations in currency exchange rates have and may continue to adversely affect our results of operations.

**Our success depends on the continuing and collaborative efforts of our management team and other key personnel, and our business may be severely disrupted if we lose their services.**

Our success heavily depends upon the continued services of our management. In particular, we rely on the expertise and experience of Mr. Guofu Ye, our chairman and chief executive officer, and other executive officers. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose consumers, suppliers, know-how and key professionals and staff members. Our senior management has entered into employment agreements and confidentiality and non-competition agreements with us. However, if any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements or we may be unable to enforce them in a timely manner, or at all. In addition, there may have been negative publicities about our management, which could negatively affect our reputation, brand image and business operations. Furthermore, we do not have key-man insurance for any of our executive officers or other key personnel. Events or activities attributed to our executive officers or other key personnel, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition.

**Competition for qualified personnel is often intense. If we are unable to recruit, train and retain sufficient qualified personnel while controlling our labor costs, our business may be materially and adversely affected.**

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified personnel globally. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant, while controlling labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the



---

## RISK FACTORS

---

markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to consumers may decrease and our financial performance may be adversely affected. In addition, if our costs of labor or related costs increase for other reasons or if new or revised labor laws, rules or regulations or healthcare laws are adopted or implemented that further increase our labor costs, our financial performance could be materially adversely affected.

**If we are unable to conduct our marketing activities effectively, our results of operations and financial condition may be materially and adversely affected.**

We have incurred expenses on a variety of different marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products. For example, we recently engaged two celebrities as our spokespersons to promote our brands. We incurred promotion and advertising expenses of RMB85.6 million, RMB128.4 million, RMB214.8 million (US\$33.7 million) and RMB137.1 million (US\$21.5 million) for the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. However, there is no assurance that our brand promotion and marketing activities will be well-received by consumers and result in the levels of product sales that we anticipate. Under extreme situations, our marketing efforts through celebrity endorsement may have a material adverse effect on our brand image. For example, any misconducts by our celebrity spokespersons or any negative publicities that our celebrity spokespersons are involved in, either directly or indirectly, may result in the public's negative perception of our brands and thus adversely affect our reputation, business and results of operations. In addition, we have been continually promoting our brands and products in a very active manner. Certain consumers may perceive our MINISO brand and/or our products in different ways or even interpret our MINISO brand as a Japanese brand before learning more about our company, our brands and our products. If consumers or other parties claim that our marketing approach is misleading or otherwise improper, we may be subject to lawsuits or other legal proceedings, which would negatively affect our brand image, undermine the trust and credibility we have established and impose an adverse impact on our business. Marketing approaches and tools in the consumer products market in China are evolving, which further requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and consumer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share, cause our revenues to decline and negatively impact our profitability.

**We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.**

We consider our copyrights, trademarks, trade names, internet domain names, patents and other intellectual property rights invaluable to our ability to continue to develop and enhance our brand recognition. We have invested significant resources to develop our own intellectual property. Failure to maintain or protect these rights could harm our business. We rely on a

---

## RISK FACTORS

---

combination of patents, patent applications, trade secrets, including know-how, copyrights, trademarks, intellectual property licenses, contractual rights and any other agreements to establish and protect our proprietary rights in our products. In addition, we enter into confidentiality and non-disclosure agreements with our employees and business partners. See “Business – Intellectual Property.” Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. In addition, there can be no assurance that our patent and trademark applications will be approved, that any issued patents or registered trademarks will adequately protect our intellectual property, or that such patents and trademarks will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights.

Due to the popularity of our products and our brand recognition in the retail industry in China, we have become an attractive target of copycat. We have seen copycat products on the market that attempt to cause confusion or diversion of consumer traffic from us. We have also brought a lawsuit against a third party that infringed our trademark rights and engaged in unfair competition. Any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation. However, preventing unauthorized uses of intellectual property rights could be difficult, costly and time-consuming and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

**We may need to defend ourselves against patent, trademark or other proprietary rights infringement or unfair competition claims, which may be time-consuming and would cause us to incur substantial costs. We may also suffer from negative publicities relating to intellectual property infringement claims.**

Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our products, which could make it more difficult for us to operate our business. Additionally, we may receive from time to time letters alleging infringement of patents, trademarks or other intellectual property rights by us and we may be involved in intellectual property right infringement claims. For example, we have been and may continue to be involved in intellectual property lawsuits, in particular, lawsuits alleging

---

## RISK FACTORS

---

that certain of our products infringed other parties' utility model patents or design patents. Some of those claims involve products that were designed by our suppliers or third-party designers. We have provisions in our agreements with suppliers or third-party designers requiring them to indemnify us all costs and expenses arising from claims that the products they manufacture or design infringe third parties' intellectual property rights. Furthermore, historically certain of our subsidiaries, related parties, franchisee stores were involved in disputes regarding trademark, copyright and unfair competition with third parties and we may continue to be involved in such disputes or subject to lawsuits.

Intellectual property related negative publicities, with or without merits, may also harm our brand image and reputation. For example, there are negative publicities alleging that our company logo involves plagiarism. Although our company logo has been duly registered as a trademark and we are not involved in any lawsuits alleging that our company logo infringes their intellectual property rights, these negative publicities could still adversely affect our brand image and reputation.

Additionally, our applications and uses of intellectual property rights relating to our design, product, software or other technologies could be found to infringe upon existing intellectual property ownership and rights. We may also fail to own or apply for key trademarks in a timely fashion, or at all, which may damage our reputation and brand.

**We rely on our information systems to process transactions, summarize results and manage our business. Any malfunction of our systems could harm our ability to conduct our operations.**

We depend on a variety of information technology systems, including systems owned and managed by third-party vendors, for the efficient functioning of our business, including, without limitation, transaction processing and the management of our employees, facilities, logistics, inventories, stores and client-facing digital applications and operations. See "Business – Strengthen Technological Capabilities" for more information. Our technology systems may not deliver desired results or may do so on a delayed schedule. For example, when we first installed our major store operation system, SAP Enterprise Resource Planning system, or SAP ERP system, to certain MINISO stores upon entering into a new overseas market, our SAP ERP system experienced functionality issues. Although such issues were resolved in a timely manner, we cannot assure you we would not encounter similar issues in the future. In addition, large volume transaction during peak seasons such as Chinese New Year could also cause functionality issues of our SAP ERP system or system of other third-parties that are connected to our SAP ERP system. Any improper functioning of our SAP ERP system could cause interruptions of store operations. Daily operations of MINISO stores relies on SAP ERP system. If we are unable to maintain our cooperation with the provider of our SAP ERP system, we may not be able continue to effectively use such SAP ERP system in our business operations and we may also not be able to find any suitable alternatives at commercially reasonable terms in a timely manner. As a result, our business operations, results of operations and financial condition would be materially and adversely affected. We use AI and big data in managing and analyzing store-level inventories. See "Business – Overview" for details. The failure of such

---

## RISK FACTORS

---

technologies to perform effectively or as expected may cause us to misjudge and mismanage store-level inventories, in which case the business of the affected stores, and our operations and financial condition may be adversely affected. Additionally, our technology systems are subject to damage or interruption from power surges and outages, facility damage, physical theft, computer and telecommunications failures, inadequate or ineffective redundancy, malicious code (including computer viruses, worms, ransomware, or similar), cyberattacks (including account compromise; phishing; denial of service attacks; and application, network or system vulnerability exploitation), software upgrade failures or code defects, natural disasters and human error. Design defects or damage or interruption to these systems may require a significant investment to fix or replace, disrupt our operations, result in the loss or corruption of critical data, and harm our reputation, all of which could materially adversely affect our business or results of operations.

We also rely heavily on our information technology staff. Failure to meet these staffing needs may negatively affect our ability to fulfill our technology initiatives while continuing to provide maintenance on existing systems. We rely on third parties to maintain and periodically upgrade many of these systems so that they can continue to support our business. We license the software programs supporting many of our systems from independent software developers. The inability of these vendors, developers or us to continue to maintain and upgrade these systems and software programs could disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner and could expose us to greater risk of a cyberattack. In addition, costs and delays associated with the implementation of new or upgraded systems and technology, including the migration of applications to the cloud, or with maintenance or adequate support of existing systems also could disrupt or reduce the efficiency of our operations, fail to operate as designed, result in the potential loss or corruption of data or information, disrupt operations and affect our ability to meet business and reporting requirements and adversely affect our profitability.

**If we fail to adopt new technologies to cater to changing consumer requirements or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful or ineffective, our business may be materially and adversely affected.**

To remain competitive, we need to continue to stay abreast of evolving industry trends and to enhance and improve our technology accordingly. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. In recent years, we invested in the development of many new technologies and business initiatives. See “Business – Strengthen Technological Capabilities.” The investments in new technologies entail significant technical and business risks. We cannot assure you that we will be able to successfully develop or effectively use new technologies, recoup the costs of developing new technologies or adapt our websites, mobile apps, proprietary technologies and systems to meet consumer requirements or emerging industry standards. If we are unable to develop technologies successfully or adapt in a cost-effective and

---

## RISK FACTORS

---

timely manner in response to changing market conditions or consumer requirements, whether for technical, legal, financial or other reasons, our business, prospects, financial condition and results of operations may be materially and adversely affected.

**Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.**

The protection of consumer, employee, supplier, MINISO Retail Partner, local distributors and company data is critical to our business. A significant breach of consumer, employee, supplier, MINISO Retail Partner, local distributor or company data could attract a substantial amount of media attention, damage our relationships with consumers and our reputation and result in lost sales, fines or lawsuits. Throughout our operations, we receive, retain and transmit certain personal information that consumers provide to purchase products or services, enroll in promotional programs, participate in our membership program, or otherwise communicate and interact with us. During such information collection process, we take necessary steps and strive to comply with relevant PRC laws and regulations with respect to privacy and personal data protection. If we fail to fully comply with applicable privacy, data security and personal information protection laws, regulations, policies or other requirements, we may be subject to civil or regulatory liabilities or challenged for a potential infringement which may subject us to significant legal, financial and operational consequences. During the Track Record Period, two MINISO stores owned and operated by MINISO Retail Partners were investigated by the relevant local government authorities in March 2021, and a fine of RMB200,000 was subsequently imposed on each store, for their unlawful collection of customer information by using cameras for face recognition purpose. Those penalties were fully settled by these MINISO Retail Partners in June 2021. To our knowledge, those two stores have removed the cameras for face recognition purpose following the investigation. We cannot assure you that all stores operated under our brands would be able to fully comply with applicable laws regulating privacy, data security and personal information protection or other statutory requirements at all times. If any of these stores fails to do so, it could harm our reputation and expose us to regulatory actions or claims from third parties, all of which could materially and adversely affect our business, financial position and results of operations. In addition, such failure could incur extra costs for us and possibly disrupt our business.

In addition, certain aspects of our operations depend upon the secure transmission of confidential information over public networks. Although we deploy a layered approach to address information security threats and vulnerabilities designed to protect confidential information against data security breaches, a compromise of our data security systems or of those of businesses with whom we interact, which results in confidential information being accessed, obtained, damaged or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from consumers, financial institutions, payment card associations and other persons, any of which could materially and adversely affect our business, financial position and results of operations. In addition, a security breach could require that we expend substantial additional resources related to the security of information systems and disrupt our business.

---

## RISK FACTORS

---

As we implement our e-commerce initiative, we face heightened risks in the secure storage of personal information or confidential information and its secure transmission over public networks. From time to time, we collect, store and process certain volume of consumers' personal information through our self-operated e-commerce channels to sell our products or provide our services, and we receive information of orders of and payments by consumers through third-party e-commerce channels in the course of our fulfillment of such orders. Online payments for our products are settled through third-party online payment services. We also share certain personal information about consumers with contracted third-party couriers, such as their names, addresses, and phone numbers. In addition, we have accumulated a large volume of data, which cover consumer's browsing and consumption behavior information, product manufacturing and sales information, warehousing and distribution information, consumer service information, among others. Maintaining complete security for the storage and transmission of confidential information on our technology system is essential to maintaining our operating efficiency and consumer confidence as well as complying with the applicable laws and standards.

We have adopted security policies and measures to protect our proprietary data and consumer information. However, advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. Our security measures may be undermined due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and potentially have an adverse effect on our business.

The regulatory environment surrounding information security and privacy is increasingly demanding, and it frequently imposes new and changing requirements. In China, the PRC Constitution, the PRC Criminal Law, the PRC Civil Code, the PRC Data Security Law and the PRC Cyber Security Law protect individual privacy in general, which require certain authorization or consent from Internet users prior to collection, use or disclosure of their personal data and also protection of the security of the personal data of such users. On June 10, 2021, Standing Committee of the PRC National People's Congress published the Data Security Law of the PRC, effective on September 1, 2021, which lays out the lawful methods and security requirements by which entities or individuals may collect and process data. Moreover, the PRC Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed, but it does not set forth details on how the data security review will be implemented. Any organizational or individual data processing activities that violate the PRC Data Security Law shall bear the corresponding civil, administrative or criminal liabilities depending on specific circumstances. In early July 2021, regulatory authorities in China launched cybersecurity



---

## RISK FACTORS

---

investigations in several China-based companies that are listed in the United States. Subsequently, on November 14, 2021, the Cyberspace Administration of China, or the CAC, issued the Regulations on the Administration of Cyber Data Security (Draft for Comments), or the Draft Data Security Regulations, for public comments pursuant to which data processors carrying out the following activities must, in accordance with the relevant national regulations, apply for a cybersecurity review: (i) the merger, reorganization or spin-off of internet platform operators that possess a large number of data resources related to national security, economic development and public interests that affect or may affect national security; (ii) listing in a foreign country by data processors that process the personal information of more than one million users; (iii) listing in Hong Kong of data processors that affect or may affect national security; and (iv) other data processing activities that affect or may affect national security. The scope of and threshold for determining what “affects or may affect national security” is still subject to uncertainty and further elaboration by the CAC. On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly issued the Cybersecurity Review Measures, which require that (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any data processing activities by network platform operators, which affect or may affect national security, or (iii) any network platform operator which has personal information of more than one million users and is going to be listed in a foreign country, shall be subject to cybersecurity review. Since the measures were recently promulgated, there exists uncertainties with respect to their interpretation and implementation. In anticipation of the strengthened implementation of cybersecurity laws and regulations and the continued expansion of our business, we cannot rule out the possibility that we may be deemed to be a “critical information infrastructure operator” or a “network platform operator” that affects or may affect national security under the Cybersecurity Review Measures. If that were to happen, we would be required to follow cybersecurity review procedures. In addition to laws, regulations and other applicable rules regarding data privacy and cybersecurity, industry associations may propose new and different privacy standards. For more details, see “Regulations.”

There have also been other significant developments in the PRC regulatory and enforcement regime regarding cybersecurity, information security, privacy and data protection. On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law, which emphasized the need to strengthen cross-border regulatory collaboration and to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to amend the regulations on strengthening the confidentiality and file management framework relating to the offering and listing of securities overseas, to enforce the responsibility of overseas listed companies with respect to information security, and to strengthen and standardize the management of cross-border information transmission mechanisms and procedures. In addition, on August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect in November 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow

---

## RISK FACTORS

---

of personal information in accordance with the law and promoting the reasonable use of personal information. The Personal Information Protection Law applies to the processing of personal information within China, as well as certain personal information processing activities outside China, including those for the provision of products and services to individuals within China or for the analysis and assessment of acts of individuals within China. Processors processing personal information exceeding the threshold to be set by the relevant authorities and operators of critical information infrastructure are required to store, within the PRC territory, all personal information collected and produced within the PRC. These laws and regulations are recently issued, and there remain uncertainties with respect to their interpretation and implementation. In addition, additional laws or regulations on this subject matter may be promulgated in the future which may in turn impose further requirements on us.

We are constantly in the process of evaluating the potential impact of the PRC Cyber Security Law, the Data Security Law, the Personal Information Protection Law and other laws, regulations and policies relating to cybersecurity, privacy, data protection and information security on our current business practices. All these laws and regulations may result in additional expenses and obligations to us and subject us to negative publicity, which could harm our reputation and negatively affect the trading price of the ADSs. We expect that these areas will receive greater public scrutiny and attention from regulators and more frequent and rigid investigation or review by regulators, which may increase our compliance costs and subject us to heightened risks and challenges. Despite our efforts to comply with applicable laws, regulations and other obligations relating to cybersecurity, privacy, data protection and information security, it is possible that our practices, offerings or services could fail to meet all of the requirements imposed on us by such laws, regulations or obligations. We have not experienced any material breaches of any of our cybersecurity measures and we have not been subject to any penalties, fines, suspensions, or investigations from the CAC. However, as uncertainties remain with respect to the interpretation and implementation of these laws, regulations and policies regarding cybersecurity, privacy, data protection and information security and how these laws, regulations and policies will be implemented in practice, we cannot assure you that we will comply with such laws, regulations and policies and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. Any failure or perceived failure to comply with these laws, regulations or policy may result in inquiries and other proceedings or actions against us by governmental authorities, users, consumers or others, such as warnings, fines, penalties, required rectifications, service suspension or removal of mobile apps from the relevant app stores and/or other sanctions, as well as negative publicity and damage to our reputation, which could cause us to lose customers and business partners and have an adverse effect on our business and results of operations.

As we implement our e-commerce initiative and promote our loyalty programs in overseas market, we may become subject to new laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information that could affect how we store, process and share data with consumers, suppliers and other third parties. For example, in May 2018 the European Union's new regulation governing data practices and privacy called the General Data Protection Regulation, or the GDPR, became effective and



---

## RISK FACTORS

---

substantially replaced the data protection laws of the individual European Union member states. The law requires companies to meet more stringent requirements regarding the handling of personal data of individuals in the EU than were required under predecessor EU requirements. In the United Kingdom, a Data Protection Bill that substantially implements the GDPR also became law in May 2018. The law also increases the penalties for non-compliance, which may result in monetary penalties of up to 20.0 million Euros or 4% of a company's worldwide turnover, whichever is higher. In the United States, various federal, state and foreign legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, information security. For example, California recently enacted the California Consumer Privacy Act, which, among other things, requires new disclosures to California consumers and afford such consumers new abilities to opt out of certain sales of personal information. Outside of the European Union and the U.S., many countries and territories have laws, regulations, or other requirements relating to privacy, data protection, information security, and consumer protection, and new countries and territories are adopting such legislation or other obligations with increasing frequency. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes. If we or those with whom we share information fail to comply with these laws and regulations or experience a data security breach, our reputation could be damaged and we could be subject to additional litigation and regulatory risks.

**We may, from time to time, be subject to legal proceedings during the course of our business operations. Our directors, management, shareholders and employees may also from time to time be subject to legal proceedings, which could adversely affect our reputation and results of operations.**

From time to time, we are subject to allegations, and may be party to legal claims and regulatory proceedings, relating to our business operations inside and outside China, such as our cooperation with MINISO Retail Partners, local distributors, suppliers, landlords or other third parties, labor disputes with our employees, intellectual property infringement claims, product defect claims, and tort claims. Such allegations, claims and proceedings may be brought by third parties, including consumers, suppliers, employees, business partners, governmental or regulatory bodies, competitors or other third parties, and may include class actions. For example, we are currently involved in four labor disputes in California. Two of these cases are wage and hour actions, where two employees of our subsidiary in the United States alleged that, among others, we failed to pay minimum wage and overtime wages, authorize or permit meal periods and rest periods, and provide complete and accurate wage statements. The plaintiffs in the two cases have reached a settlement agreement with us for US\$1,250,000. The parties will file a motion to approve the settlement with the court. As advised by our legal adviser, the court approval on the settlement is final and conclusive. We have made a provision in connection with these two lawsuits as of December 31, 2021 based on the settlement amount agreed with the plaintiffs. We believe that the provision made is sufficient. The remaining two cases are a discrimination complaint and a wage and hour complaint filed by an employee of our subsidiary in the United States with California's

---

## RISK FACTORS

---

Division of Labor Standards Enforcement (DLSE), California's state wage/hour enforcement agency. We are waiting for the DLSE to set a final merits determination hearing. The amount alleged by the employee is US\$386,366.66. We believe that the allegations are lack of merits and will defend against the allegations. Based on the advice of our legal adviser, the allegations in these two cases are lack of merits, and we will defend vigorously against the allegations. As a result, we believe that the probability of an unfavorable ruling against us is low and no provision has therefore been made in respect of these two cases. During the Track Record Period, we were also alleged that certain products we sold in California failed to comply with Proposition 65, which is intended to allow consumers to make informed choices about the products that may contain toxic chemicals. Under Proposition 65, businesses are required to provide "clear and reasonable" warnings before exposing a person, knowingly and intentionally, to a certain identified chemical. Currently, there are two cases pending before a court in California. We have reached a settlement agreement with the plaintiff for US\$500,000. We are currently in the process of obtaining final court approval of the settlement.

In response to these lawsuits, we amended our internal policies and procedures that manage our legal affairs in overseas markets. In particular, we will dedicate more resources to actively monitor the development of local laws and regulations frequently and report relevant risks to our headquarters and relevant overseas subsidiaries. With respect to California Proposition 65 compliance, we have been implementing measures to ensure compliance with Proposition 65 since 2021. Specifically, we formulated internal procedures including attaching appropriate warning labels to alert customers with regard to toxic substance and performing assessment periodically and also included relevant provisions in our agreement with suppliers to ensure compliance. Before products are exported, products will be tested and labeled accordingly. With respect to employee compensation, we will review and make salary payments based on the actual working hours of employees pursuant to our human resources and compensation policies. Despite that we have put in efforts to prevent similar incidents from happening again, we may continue to be involved in additional lawsuits in the United States or other jurisdictions in the future. The outcome of litigation, particularly class action lawsuits, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. We may incur significant expenses related to such proceedings, which may negatively affect our operating results if changes to our business operations are required. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our product offerings, regardless of whether the allegations are valid or whether we are ultimately found liable. In addition, our directors, management, shareholders and employees may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations. As a result, litigation may adversely affect our business, financial condition, results of operations or liquidity.

---

## RISK FACTORS

---

After we become a listed company on the Stock Exchange, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our business, financial condition and results of operations.

**We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.**

To further expand our business and strengthen our market-leading position, we may tap into new market opportunities or enter into new markets by forming strategic alliances or making strategic investments and acquisitions. Acquisitions involve numerous risks, including difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, difficulties in executing new business initiatives, entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and consumers and difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also cause us to significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, issue common stock that would dilute our current shareholders' percentage ownership, or incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or investee companies. In connection with acquisitions, joint ventures or strategic investments outside China, we may from time to time, in some instances enter into foreign currency contracts or other derivative instruments to hedge some or all of the foreign currency fluctuation risks, which subjects us to the risks associated with such derivative contracts and instruments. No assurance can be given that our acquisitions, joint ventures and other strategic investments will be successful and will not materially adversely affect our business, financial condition or results of operations.

**Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.**

In accordance with the relevant laws and regulations in jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and filings to operate our business, including but not limited to business license, food operation license or filing for pre-packaged food, commercial franchise filing, and fire safety inspection. These approvals, licenses, permits and filings are obtained upon satisfactory compliance with, among other things, the applicable laws and regulations.

As of the date of this document, we, as a franchiser engaging in franchise activities in relation to our core brand "MINISO," had completed commercial franchise filing pursuant to relevant PRC laws. In addition, we also franchised other parties to engage in business

---

## RISK FACTORS

---

operations using our “TOP TOY” and “WonderLife” brands. As advised by JunHe LLP, our PRC Legal Adviser, PRC laws and regulations require a franchiser to have at least two directly operated stores and has operated each of the two directly operated stores for over one year before engaging in franchising activities. Our PRC Legal Adviser also advised us that a franchiser is required to make filings with relevant government authorities within 15 days after entering into the first franchising agreement. When we engaged in franchising activities under our “TOP TOY” and “WonderLife” brands, we did not satisfy the legal requirement mentioned above, nor did we make relevant filings on time, primarily due to the relevant employees’ failure to fully understand the requirements under applicable laws and regulations. As advised by our PRC Legal Adviser, if a franchiser engages in franchising activities without meeting the legal requirement mentioned above, the relevant government authority may require such franchiser to make rectifications, confiscate incomes from illegal operations, impose a fine ranging from RMB100,000 to RMB500,000, and make announcements. We have made adjustments to our business operations under our “TOP TOY” and “WonderLife” brands, as a result of which we currently satisfy the requirement of having at least two directly operated stores and having operated each of the two directly operated stores for over one year with respect to both the “TOP TOY” and “WonderLife” brands. We made the required filings for the “WonderLife” brand in April 2022, and we are preparing similar filings for the “TOP TOY” brand, which we currently expect to submit in July 2022. Before we are in full compliance with relevant legal requirements, we may be subject to a confiscation of all franchise fees we have received since June 2018 and December 2020, the date when we commenced commercial franchising activities under the “WonderLife” brand and “TOP TOY” brand, respectively, and are going to receive in the future until we are in full compliance. In addition, we may also be imposed a maximum aggregate fine up to RMB500,000 for our commercial franchising activities under the “TOP TOY” brand and “WonderLife” brand, respectively.

In addition, during the Track Record Period, we had failed to obtain the certificate for fire control inspection for one of our directly operated TOP TOY stores and one of our directly operated WonderLife stores in China. We became aware of this issue with the TOP TOY store when the store was first opened and the issue with the WonderLife store during our company-wide compliance review in February 2022. This issue occurred and we failed to take immediate rectification measures primarily because (i) with respect to the TOP TOY store, the open design of the store entrance disqualified us from applying for the certificate for fire control inspection under applicable legal requirements; and (ii) with respect to the WonderLife store, we did not receive a notice from the mall in which the store was located to apply for the certificate. As a result, such stores may be subject to fines or suspension of operation. As of the date of this document, we have obtained the certificate for fire control inspection for the WonderLife store and are also considering to take rectification measures for the TOP TOY store, which may potentially include modifying the store entrance design, but we cannot assure you that we will be able to implement such measures or that such non-compliance can be rectified in a timely manner. It is also possible that we may have to relocate to other premises to continue the operation of such TOP TOY store. Given the difficulty with modifying the design of and reconstructing the store entrance, we do not expect to obtain the certificate for fire inspection for the TOP TOY store in the near future. Neither store has experienced any fire safety incidents during the Track Record Period and up to the Latest Practicable Date.

---

## RISK FACTORS

---

If government authorities in jurisdictions where we operate require additional licenses or permits or provides more strict supervision requirements in the future, or if we have to obtain relevant licenses or permits in a short period of time, there is no guarantee that we would be able to obtain such licenses or permits or meet all the supervision requirements in a timely manner, or at all.

**We are subject to risks in relation to our business reorganizations.**

Prior to the listing of the ADSs on the NYSE, our board of directors approved a plan in May 2019 to dispose of certain loss-making subsidiaries that operate the NOME business, Minihome business, MINISO African business and MINISO German business within one year, and the results of these operations have been included as discontinued operations accordingly. We completed the disposal of these businesses during the period from December 2019 to April 2020. The NOME business was disposed to Mr. Guofu Ye. The NOME business, which had over 200 stores, was operated under the NOME brand and engaged in the sales of clothing products and other lifestyle items, and was in competition with another company which operated similar business under the same brand. As of June 30, 2021, all of the NOME stores had been closed. We may in the future continue to reorganize our business or conduct other reorganization transactions. Conducting reorganization transactions involve risks and uncertainties. We cannot assure you that all business reorganization transactions we have completed or will conduct in the future will yield our expected results, provide anticipated strategic benefits or otherwise enhance shareholder value. We may even not be able to complete contemplated transaction as planned due to a number of factors that may be beyond our control, including, among other factors, market conditions, industry trends, the interest of third parties in our business, shareholder approval and the availability of financing. The process of exploring strategic alternatives may be time consuming and disruptive to our business operations. Reorganization transactions may also lead to loss of qualified employees. In addition, we cannot assure you that we would not be negatively affected by discontinued operations. Any business practice or operational activity engaged by the discontinued operations or other parties that were involved in our business reorganizations, if challenged as inconsistent with best practice, improper or unlawful, may have a negative impact on our reputation due to the historical association or involvement in the reorganizations. For any new business we may acquire in the future, there may also be potential liabilities that we may not be able to discover in a timely manner, which may also negatively affect our business operations. If we are unable to effectively manage risks and uncertainties in connection with reorganization transactions, our business, financial condition, liquidity and results of operations could be adversely affected.

**If we fail to remediate our material weakness in our internal control over financial reporting, develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.**

In connection with the preparation and audits of our consolidated financial statements as of and for the fiscal year ended June 30, 2019 and 2020, we and our independent registered public accounting firm identified one material weakness in our internal control over financial

---

## RISK FACTORS

---

reporting, which was outstanding as of December 31, 2020. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal controls for the purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weakness, we have taken measures and plan to continue to take measures to remediate the deficiency. As of June 30, 2021, we determined that this material weakness had been remediated.

We are a public company in the United States subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 and the rules and regulations of the New York Stock Exchange, or the NYSE. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our second annual report on Form 20-F after becoming a public company for our fiscal year ending June 30, 2022. In addition, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

In addition, our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the trading price of our Shares or the ADSs could decline and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities.



---

## RISK FACTORS

---

**Our leased property interest may be defective and such defects may negatively affect our right to such leases.**

We currently lease several premises in China. Ownership certificates or other similar proof of certain leased properties have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. It is also likely that the construction of such leased properties was illegal and such properties may be ordered by relevant government authorities to be demolished. If any of the foregoing happens, we may not be able to continue to use such leased properties and have to relocate to other premises. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be adversely affected. In addition, we also lease properties in other jurisdictions and may be subject to similar issues or risks.

In addition, under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. The lease agreements for some of our leased properties in China have not been registered with the relevant PRC government authorities. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, we had not registered 46 lease agreements. If we receive notice from the relevant PRC government authorities requiring us to complete the registration with prescribed time frame and we fail to do so, the maximum aggregate amount of potential administrative penalties we would be subject to is RMB460,000. As of the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the relevant competent authorities in respect of lease registrations, nor had we received any rectification notice from the relevant PRC government authorities regarding the lease registrations. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

**We have limited insurance coverage, which could expose us to significant costs.**

We maintain certain insurance policies to safeguard against various risks and unexpected events associated with our business and operations, including property insurance covering inventory and warehouse. Miniso Hong Kong Limited also maintains commercial general liability insurance. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. Additionally, we provide accident insurance for certain employees we dispatched to overseas countries. However, insurance companies in China currently offer limited business-related insurance products. We do not maintain business interruption insurance, nor do we maintain key-man life insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If

---

## RISK FACTORS

---

we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

**We may need additional capital, and financing may not be available on terms acceptable to us, or at all.**

We believe our cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine in the future that our cash requirements exceed the amount of cash and cash equivalents we have on hand, we may seek to issue equity or equity linked securities or obtain debt financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

**We have granted, and may continue to grant, options and other types of awards under our share incentive plan, which may result in increased equity-settled share-based payment expenses.**

In order to attract and retain qualified employees, provide incentives to our directors and employees, and promote the success of our business, we adopted a share incentive plan in September 2020, or the 2020 Share Incentive Plan, which amended and restated share incentive plan(s) we, our predecessor or any of our subsidiaries adopted previously, if any, in its/their entirety and all awards granted and outstanding thereunder survived the termination of previous share incentive plan(s). The terms and conditions of those survived awards remain unchanged and continue to be effective and binding under the 2020 Share Incentive Plan. The maximum aggregate number of ordinary shares that may be issued under the 2020 Share Incentive Plan is 147,301,128, consisting of (i) 92,586,048 Shares, which have been issued to several share incentive awards holding vehicles for the grant of restricted shares, options or other type of awards, and (ii) 54,715,080 Shares reserved for issuance pursuant to any awards to be granted under the 2020 Share Incentive Plan. As of December 31, 2021, 70,879,312 restricted shares and options to purchase a total of 11,276,328 Shares have been granted and outstanding, excluding restricted shares or options that have been forfeited or canceled after the relevant grant dates. Upon the completion of the Listing, our Company will unwind its weighted voting rights structure and each issued Share (including those with super-voting rights) will be converted or re-designated to one ordinary share that would entitle its holder to one vote at a general meeting of the Company. For the fiscal years ended June 30, 2019, 2020 and 2021 and for the six months ended December 31, 2021, we recorded RMB122.1 million, RMB364.4 million, RMB281.3 million (US\$44.1 million) and RMB50.4 million (US\$7.9 million) in equity-settled share-based payment expenses, respectively.



---

## RISK FACTORS

---

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with equity-settled share-based payment expenses may increase, which may have an adverse effect on our results of operations.

**Changes in international trade policies, or the escalation of tensions in international relations, particularly with regard to China, may adversely impact our business and operating results.**

Recently, there have been heightened tensions in international relations, particularly between the United States and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. In January 2020, the “Phase One” agreement was signed between the United States and China on trade matters. However, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policy related to international commerce, or other trade matters. Any unfavorable government policies on international trade, such as capital controls or tariffs, or the U.S. dollar payment and settlement system may affect the demand for our products, impact the competitive position of our products, prevent us from selling products in certain countries, or even our participation in the U.S. dollar payment and settlement system, which would materially and adversely affect our international operations, results of operations and financial condition. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

In addition to trade related tensions between China and the United States, the U.S. government escalated tensions between the U.S. and China in recent years by revoking Hong Kong’s special trading status and further sanctioning Chinese companies such as Huawei. Also, the Congress of the United States enacted the Uyghur Forced Labor Prevention Act (UFLPA) in December 2021. Effective from June 21, 2022, the UFLPA creates a rebuttable presumption that goods mined, produced, or manufactured (wholly or in part) in China’s Xinjiang Uyghur Autonomous Region are made with forced labor, where goods designated as such will be subject to an import ban into the United States. The President of the United States may also impose sanctions on companies that knowingly engage in, are responsible for, or facilitate forced labor in Xinjiang. We plan to review our supplier relationships and make efforts to comply with any new law that may affect us. However, there is no assurance that we will be able to identify all activities conducted by our suppliers or other business partners as we do not have a control over them. To the extent we identify any potential non-compliance by any of our suppliers, we may have to find and establish relationships with alternative qualified suppliers under commercially acceptable terms. We cannot assure you that we will be able to do so in

---

## RISK FACTORS

---

a timely manner. Under extreme situations, we may be subject to negative publicities or even be subject to regulatory actions, which may negatively affect our reputation and brand image, our business and results of operations, and may materially and adversely affect the price of our Shares or the ADSs.

Recently, the war in Ukraine and sanctions on Russia increased the uncertainties in the relations between China and the United States, and tensions between two countries could be heightened as a result. These tensions have affected both diplomatic and economic ties between the two countries. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between the two major economies. The existing tensions and any further deterioration in the relationship between the United States and China may have a negative impact on the general, economic, political, and social conditions in both countries and, given our reliance on the Chinese market, adversely impact our business, financial condition, and results of operations.

Furthermore, the tension between China and India as a result of border clashes between troops of China and India have also resulted in a number of mobile apps developed by Chinese companies and operated in India being banned by the Indian government. We are unable to predict how international relations between China and other countries will develop. To the extent tensions in international relations between China and other countries escalate, our international operations, financial condition and results of operations could be materially and adversely affected.

**We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.**

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities, including the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act 2010, and other anti-corruption laws and regulations. Any non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

We sell our products to many countries or regions. Certain countries, regions, or individual counterparties with which we trade or operate in, or may trade or operate in the future, may be or become the subject of economic sanctions of one or more countries that may have jurisdiction over all or portions of our operations. Although we have adopted a policy of complying with all sanctions laws applicable to us, we have operations in a large number of countries, and there is no assurance we will be successful in complying with these types of

---

## RISK FACTORS

---

laws, including sanctions programs administered by the U.S. Department of Treasury's Office of Foreign Asset Controls, or OFAC, Her Majesty's Treasury of the United Kingdom, the European Union and its Member States, and others.

In particular, in early 2017, our Hong Kong branch entered into a five-year international agency contract with a North Korean company under which the North Korean company purchased our products and operated a store in Pyongyang, North Korea under the "MINISO" brand. We terminated the international agency contract and our relationship with the North Korean company in August 2017. During this brief period in 2017, we sold approximately RMB0.6 million in store decoration materials and products to the North Korean company.

North Korea is subject to sanctions programs implemented and enforced by various jurisdictions, including China, Japan, Hong Kong and the United States. Certain of these sanctions were enacted pursuant to resolutions of the United Nations Security Council, or the UNSC. These UNSC resolutions direct United Nations member states to implement sanctions on North Korea, including prohibitions on exports of luxury goods and the formation of joint ventures. While sanctions are implemented and enforced at the national level, the sanctions are monitored by a UN Panel of Experts for North Korea, which periodically issues public reports that include information on observed violations of the sanctions and encourages member states to bring enforcement actions.

A report from the UN Panel of Experts for North Korea dated March 5, 2018 included information about the MINISO brand store in Pyongyang as a possible violation of the sanctions prohibiting the sale of luxury goods and the establishment and maintenance of joint ventures. A second report from the UN Panel of Experts dated March 5, 2019 noted the continued operation of the Pyongyang store (as of July 2018) and the existence of a possible joint venture between us and the North Korean company as a violation of sanctions. Subsequent to our being named in the UN reports, we provided cease and desist letters to the North Korean company instructing them to cease using our brand name or trade dress; we also contacted the UN Panel of Experts to explain that our exports to North Korea were not luxury goods, that we had terminated our relationship with the North Korean company in August 2017, and that we had not entered into any joint venture with a North Korean company. We were also contacted by Hong Kong and Japanese enforcement authorities and provided them with similar information. Although we have terminated the international agency contract and our relationship with the North Korean company and provided cease and desist letters to the North Korean company instructing it to cease using our brand name or trade dress, the North Korean company may not follow our instruction and continue to illegally use our brand name or trade dress in the North Korea.

We may be subject to sanctions enforcement actions as a result of our prior sales to North Korea or other activities, which could subject us to fines or other civil or criminal penalties and could be material to our results of operations. Although we have not been named in the subsequent UN reports issued in August 2019 and March 2020, we cannot assure you that we will not be named in any UN reports or subject to other sanctions in the future. If that were to happen, our international operations, results of operations, financial condition, or even our

---

## RISK FACTORS

---

participation in the U.S. dollar payment and settlement system would be materially and adversely affected. The United States has also since September of 2017 maintained a “secondary sanctions” regime against North Korea, pursuant to which there is authority to impose U.S. blocking sanctions against entities engaged in targeted transactions involving North Korea, including any significant exportation of goods, services, or technology to North Korea, whether or not such transactions fall within U.S. jurisdiction in any way. Imposition of U.S. blocking sanctions against us would effectively exclude us from the U.S. dollar economy and would have a materially adverse effect on our business.

Furthermore, any violation of economic sanctions, or even an alleged or suspected violation, could harm our reputation and cause financial institutions or other counterparties to refuse to do business with us. Our relationships with very few international financial institutions have been affected as a result of the UN reports, as they have sought details about our business with sanctioned parties, and future events could have a further impact. Such events could also cause some investors to sell or avoid purchasing our securities, to be consistent with their internal investment policies or to avoid reputational damage. All of these may negatively affect our business, our results of operations, or the trading price of our Shares or the ADSs. In addition, changes in economic sanctions laws in the future could also adversely impact our business and investments in our Shares or the ADSs.

**Natural disasters and unusual weather conditions, power outages, pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and result in lower sales and otherwise materially adversely affect our financial performance.**

In addition to the impact of COVID-19, natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes, unusual weather conditions, power outages, other pandemic outbreaks, terrorist acts or disruptive global political events, or similar disruptions could materially adversely affect our business and financial performance. Uncharacteristic or significant weather conditions can affect consumer shopping patterns, which could lead to lost sales or greater than expected markdowns and materially adversely affect our results of operations. These events could result in server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platforms and sell our products. These events could also result in increases in fuel (or other energy) prices or a fuel shortage, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some domestic and overseas suppliers, the temporary disruption in the transport of goods to overseas, delay or increased transportation costs in the delivery of goods to our warehouses or stores, the inability of consumers to reach or have transportation to stores directly affected by such events, the temporary reduction in the availability of products in stores and disruption of our utility services or to our information systems. These events also can have indirect consequences such as increases in the costs of insurance if they result in significant loss of property or other insurable damage. To the extent these events result in the closure of one or more of stores or our administrative offices or impact one or more of our key

---

## RISK FACTORS

---

suppliers, our operations and financial performance could be materially adversely affected. Our headquarters is located in Guangzhou, where most of our directors and management and the majority of our employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Guangzhou. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Guangzhou, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

### **RISKS RELATED TO DOING BUSINESS IN CHINA**

**The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor deprives our investors with the benefits of such inspections.**

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this document, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is not currently inspected by the PCAOB. As a result, we and investors in the ADSs are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

**The ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, in 2024 if the PCAOB is unable to inspect or fully investigate auditors located in China, or as early as 2023 if proposed changes to the law are enacted. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.**

The Holding Foreign Companies Accountable Act, or the HFCAA, was signed into law on December 18, 2020. The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our Shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. The PCAOB identified our auditor as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely.

---

## RISK FACTORS

---

Whether the PCAOB will be able to conduct inspections of our auditor before the issuance of our financial statements on Form 20-F for the year ending June 30, 2024, which is due by October 31, 2024, or at all, is subject to substantial uncertainty and depends on a number of factors out of our, and our auditor's, control. If our Shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our Shares will develop outside of the United States. Such a prohibition would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

On June 22, 2021, the U.S. Senate passed a bill which would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two. On February 4, 2022, the U.S. House of Representatives passed a bill which contained, among other things, an identical provision. If this provision is enacted into law and the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA is reduced from three years to two, then our Shares and ADSs could be prohibited from trading in the United States as early as 2023.

**Changes in China's economic, political or social conditions or government policies could have a material and adverse effect on our business and results of operations.**

A majority of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The retail industry is highly sensitive to general economic changes. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of



---

## RISK FACTORS

---

China. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our services and adversely affect our competitive position. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. The growth rate of the Chinese economy has gradually slowed since 2010, and the COVID-19 also had some impact on the Chinese economy in 2020. Any prolonged slowdown in the global and Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

**Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.**

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

Our PRC subsidiaries are foreign-invested enterprises and are subject to laws and regulations applicable to foreign-invested enterprises as well as various Chinese laws and regulations generally applicable to companies incorporated in China. For instance, on March 15, 2019, the Standing Committee of National People's Congress promulgated the PRC Foreign Investment Law, which became effective on January 1, 2020. The PRC Foreign Investment Law replaces the trio of existing laws regulating foreign investment in China, namely, the Wholly Foreign-owned Enterprises Law, the Sino-foreign Equity Joint Ventures Law, and the Sino-foreign Cooperative Joint Ventures Law, together with their implementation rules and ancillary regulations, and embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since some of these laws and regulations are relatively new and the PRC legal system continues to evolve, the interpretations and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have the authority and discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Such uncertainties, including uncertainty over the scope and effect of our contractual, property



---

## RISK FACTORS

---

(including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

Furthermore, recently, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which were available to the public on July 6, 2021 and further emphasized to strengthen the cross-border regulatory collaboration, to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures. However, these opinions were newly issued, and there were no further explanations or detailed rules or regulations with respect to such opinions, and there are still uncertainties regarding the interpretation and implementation of these opinions.

These and other similar legal and regulatory developments could lead to legal and economic uncertainty, affect how we operate our business, how we process and use data, and how we transfer personal data from one jurisdiction to another, which could negatively impact demand for our products. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

**The PRC government’s significant oversight and discretion over our business operations could result in a material adverse change in our operations and the value of the ADSs.**

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and may intervene or influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our Shares or the ADSs. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

---

## RISK FACTORS

---

**Litigation and negative publicity surrounding China-based companies listed in the U.S. may result in increased regulatory scrutiny of us and negatively impact the trading price of the ADSs and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.**

We believe that litigation and negative publicity surrounding companies with operations in China that are listed in the U.S. have negatively impacted stock prices for such companies. Various equity-based research organizations have published reports on China-based companies after examining, among other things, their corporate governance practices, related party transactions, sales practices and financial statements that have led to special investigations and stock suspensions on national exchanges. Any similar scrutiny of us, regardless of its lack of merit, could result in a diversion of management resources and energy, potential costs to defend ourselves against rumors, decreases and volatility in the trading price of our Shares or the ADS, and increased directors and officers insurance premiums and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.

**Proceedings instituted by the SEC against Chinese affiliates of the “big four” accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.**

Starting in 2011 the Chinese affiliates of the “big four” accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S.-listed companies operating and audited in the PRC, the SEC and the PCAOB sought to obtain from the Chinese firms access to their audit work papers and related documents. The firms were, however, advised and directed that under Chinese law, they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC’s internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future

---

## RISK FACTORS

---

non-compliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or, in extreme cases, the resumption of the current proceeding against all four firms. If additional remedial measures are imposed on the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined not to be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of the ADSs may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of the ADSs from the NYSE or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

**We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.**

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. For a detailed discussion of applicable PRC regulations governing distribution of dividends, see "Regulations – Regulations Relating to Our Industry and Products – Regulations relating to Dividend Distribution." Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Any

---

## RISK FACTORS

---

limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

To address the persistent capital outflow and the Renminbi's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the Circular on Promoting the Reform of Foreign Exchange Management and Improving Authenticity and Compliance Review, or the SAFE Circular 3, issued on January 26, 2017, provides that the banks shall, when dealing with dividend remittance transactions from domestic enterprise to its offshore shareholders of more than US\$50,000, review the relevant board resolutions, original tax filing form and audited financial statements of such domestic enterprise based on the principle of genuine transaction. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See “–If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.”

### **Increases in labor costs and enforcement of stricter labor laws and regulations in China may adversely affect our business and our profitability.**

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation

---

## RISK FACTORS

---

rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, effective on July 1, 2011 and amended on December 29, 2018. On April 3, 1999, the State Council promulgated the Regulations on the Administration of Housing Funds, which was amended on March 24, 2002 and March 24, 2019. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Funds to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. We could be subject to orders by the competent labor authorities for rectification and failure to comply with the orders may further subject us to administrative fines.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. During the Track Record Period, certain of our PRC subsidiaries made insufficient contributions to social security insurance and housing provident fund. The social insurance authorities may demand us to make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the authorities may impose a fine ranging from one to three times of the total outstanding amount. The unpaid social security insurance contribution amounted to RMB4.7 million, RMB2.5 million, RMB6.8 million and RMB8.9 million in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. The housing provident fund administration center may also order us to pay the outstanding amount within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As advised by our PRC Legal Adviser, although there are no explicit legal provisions or regulations that impose additional penalties for such under-payment, we may be ordered to pay the outstanding amount of the housing provident fund. The outstanding amount of the housing provident fund would be in the sum of RMB0.8 million, RMB1.6 million, RMB3.1 million and RMB2.8 million for the fiscal years ended June 30, 2019, 2020

---

## RISK FACTORS

---

and 2021 and the six months ended December 31, 2021, respectively. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

**Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.**

The conversion of Renminbi into foreign currencies, including Hong Kong dollars and the U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against Hong Kong dollars and the U.S. dollars, at times significantly and unpredictably. The value of Renminbi against Hong Kong dollars, the U.S. dollars and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollars and the U.S. dollars in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollars in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares or the ADSs in foreign currency. For example, to the extent that we need to convert Hong Kong dollars we receive from the Global Offering into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollars would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against Hong Kong dollars and the U.S. dollars may significantly reduce Hong Kong dollars and the U.S. dollars equivalent of our earnings, which in turn could adversely affect the price of our Shares or the ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. We have only entered into a few hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into more hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.



---

## RISK FACTORS

---

**PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of the Global Offering to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.**

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China. Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits, i.e. the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio (“Macro-prudential Management Mode”) under relevant PRC laws and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. According to the Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing (《中國人民銀行 國家外匯管理局關於調整企業跨境融資宏觀審慎調節參數的通知》) issued on January 7, 2021, the macroprudential adjustment parameter for cross-border financing has been decreased to 1 from 1.25. Moreover, any medium or long-term loan to be provided by us to our PRC subsidiaries must also be registered with the NDRC.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through registration procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. As SAFE Circular 28 is new and the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or reporting of information on foreign investment on a timely basis, if at all, with respect to future loans to our PRC



---

## RISK FACTORS

---

subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or record-filings, our ability to use foreign currency, including the proceeds we received from our initial public offering, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

**Governmental control of currency conversion may limit our ability to utilize cash generated from our revenues effectively and affect the value of your investment.**

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues dominated in RMB. Under our current corporate structure, our company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares or the ADSs.

**PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.**

SAFE requires PRC residents or entities to register with SAFE or its local branch or its designated banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes certain material events. According to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration Policies on 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》),

---

## RISK FACTORS

---

which became effective on June 1, 2015, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015. See “Regulations – Regulations Relating to Our Industry and Products – Regulations relating to Foreign Exchange.”

We are committed to complying with and to ensuring that our shareholders and beneficial owners who are subject to these regulations will comply with the relevant SAFE rules and regulations. However, due to inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as provided in those regulations. As of the date of this document, Mr. Guofu Ye, Mr. Minxin Li and Ms. Yunyun Yang, who directly or indirectly hold shares in our Cayman Islands holding company, have completed the initial foreign exchange registrations and have been communicating with the bank designated by SAFE regarding updating their registration as required in connection with a subsequent restructuring of their respective offshore special purpose vehicles, which may not be completed in a timely manner, or at all.

In addition, we have notified all shareholders or beneficial owners who directly or indirectly hold shares in our Cayman Islands holding company and are known to us as being PRC residents to complete their registration with or to obtain approval by the local SAFE, the National Development and Reform Commission, or the NDRC, or MOC branches. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interests in our company, nor can we compel our beneficial owners to comply with applicable registration or approval requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE, NDRC and MOC regulations. Failure by such shareholders or beneficial owners to comply with SAFE, NDRC and MOC regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries’ ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

**China’s M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.**

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time consuming and complex. In addition to the Anti-monopoly Law itself, these include the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006, which was amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security

---

## RISK FACTORS

---

Review Rules, promulgated in 2011. These laws and regulations impose requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Anti-Monopoly Law requires that relevant governmental authorities be notified in advance of any concentration of undertaking if certain thresholds are triggered. Moreover, the Security Review Rules specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Furthermore, the PRC government authorities may strengthen oversight over foreign investment in China-based issuers like us. For instance, the relevant PRC governments promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities, among which, it is mentioned that the administration and supervision of Chinese concept stocks will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by those limited by shares companies will be revised, clarifying the responsibilities of domestic industry competent authorities and regulatory authorities. However, the Opinions on Strictly Cracking Down on Illegal Securities Activities were only issued on July 6, 2021, and no further explanation or detailed rules and regulations with respect to the opinions have been issued yet, leaving uncertainties regarding the interpretation and implementation of the Opinions on Strictly Cracking Down on Illegal Securities Activities. It is possible that any new rules or regulations may impose additional requirements on us. In addition, on November 14, 2021, the CAC issued the draft of the Regulations on the Administration of Cyber Data Security for public comments, according to which, among others, data processors seeking a public listing in Hong Kong that influence or may influence national security, must apply for a cybersecurity review, in accordance with the relevant law of the PRC. It is uncertain when the final measures will be issued and take effect, how they will be enacted, interpreted or implemented, and whether they will affect us.

**Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.**

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE

---

## RISK FACTORS

---

through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, or options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

**The approval of the CSRC or other PRC government authorities may be required in connection with the Global Offering, future offerings or future issuance of securities abroad under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval.**

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. Subsequently, CAC issued the Draft Data Security Regulations and CAC and other twelve PRC regulatory authorities jointly issued the Cybersecurity Review Measures which further strengthened the cybersecurity review measures of entities seeking offshore listing. For more details, see “–Risks Related to Our Business and Industry – Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.”

---

## RISK FACTORS

---

In addition, on December 24, 2021, the CSRC published the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments). For more details, see “Regulations.” As such regulations have not been adopted and it remains unclear whether the formal version to be adopted in the future will have any further material changes, it is uncertain how these regulations will be enacted, interpreted or implemented and how they will affect us.

If the CSRC, CAC or other relevant PRC regulatory agencies subsequently determine that approval or record-filing is required for any of our offshore offerings, future offerings of securities overseas or to maintain the listing status of the ADSs, we cannot guarantee that we will be able to obtain the approval or complete the record-filing in a timely manner, or at all. The CSRC, CAC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, not to proceed with such offering or maintain the listing status of our listed securities. If we proceed with any of such offering or maintain the listing status of our listed securities without obtaining the CSRC’s or other relevant PRC regulatory agencies’ approval to the extent it is required, or if we are unable to comply with any new approval requirements which might be adopted for offerings that we have completed prior to the publication of the above-referenced opinions, we may face regulatory actions or other sanctions from the CSRC, CAC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from offering of securities overseas into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the listed securities.

Furthermore, if there are any other approvals, filings and/or other administration procedures to be obtained from or completed with the CSRC, CAC or other PRC regulatory agencies as required by any new laws and regulations for any of our future proposed offering of securities overseas or the listing of the listed securities, we cannot assure you that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approvals or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies, which may have a material adverse effect on our business, financial condition or results of operations. Uncertainties and/or negative publicity regarding these PRC regulations could have a material adverse effect on the trading price of our listed securities.

**Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties.**

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain

---

## RISK FACTORS

---

percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirements of employee benefit plans have not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We have not made contributions in full to social insurance and housing provident fund for some of our employees based on relevant PRC regulations. If we are determined by local authorities to fail to make adequate contributions to any employee benefits as required by relevant PRC regulations, we may face late fees or fines in relation to the underpaid employee benefits. In addition, our provision for these liabilities may not be adequate, particularly in light of the recent tightening regulations. As a result, our financial condition and results of operations may be materially and adversely affected.

**Discontinuation of any of the government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.**

Our PRC subsidiaries have received financial subsidies from PRC local government authorities. The financial subsidies result from discretionary incentives and policies adopted by PRC local government authorities. Local governments may decide to change or discontinue such financial subsidies at any time. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

**If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.**

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or



---

## RISK FACTORS

---

personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, gains realized on the sale or other disposition of our Shares or the ADSs may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares or the ADSs.

**We may not be able to obtain certain benefits under relevant tax treaty on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary.**

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. According to the Announcement of the State Administration of Taxation on Issues concerning the "Beneficial Owner" in Tax Treaties, which became effective in April 2018, whether a resident enterprise is a "beneficial owner" that can apply for a low tax rate under tax treaties depends on an overall assessment of several factors, which may bring uncertainties to the applicability of preferential tax treatment under the tax treaties. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties, which became effective in January 2020, requires non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties, file relevant report with the tax authorities and retain the relevant materials for future inspection. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. In the future we intend to re-invest all earnings, if any, generated from our PRC subsidiaries for the operation and expansion of our business in China. Should our tax policy change to allow for offshore distribution of our earnings, we would be subject to a



---

## RISK FACTORS

---

significant withholding tax. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant tax authority or we will be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary.

**We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.**

In February 2015, SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. On October 17, 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under SAT Public Notice 7 and SAT Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

---

## RISK FACTORS

---

**If the custodians or authorized users of controlling non-tangible assets of our company, including our corporate chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected.**

Under PRC law, legal documents for corporate transactions are executed using the chops or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the State Administration for Market Regulation. Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our PRC subsidiaries have the apparent authority to enter into contracts on behalf of such entities without chops and bind such entities. All designated legal representatives of our PRC subsidiaries are members of our senior management team who have signed employment agreements with us or our PRC subsidiaries under which they agree to abide by various duties they owe to us. In order to maintain the physical security of our chops and chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel in the legal or finance or other functional departments of each of our subsidiaries. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiaries, we or our PRC subsidiaries would need to pass a new shareholder or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

### **RISKS RELATED TO OUR SHARES AND ADSS**

**The trading price of the ADSs has been and the trading price of our Shares can be volatile, which could result in substantial losses to investors.**

The trading price of the ADSs has been volatile and could fluctuate widely due to factors beyond our control. The trading price of our Shares, likewise, can be volatile for similar or different reasons. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong or the United States. The securities of some of these companies, including internet-based companies, have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in their trading prices. The trading performances of other Chinese companies'

---

## RISK FACTORS

---

securities after their offerings may affect the attitudes of investors toward Chinese companies listed in Hong Kong or the United States in general and consequently may impact the trading performance of our Shares or the ADSs, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares or the ADSs may be highly volatile for factors specific to our own operations, including the following:

- actual or anticipated variations in our revenues, earnings and cash flow;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings, solutions and expansions by us or our competitors;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- detrimental adverse publicity about us, our services or our industry;
- announcements of new regulations, rules or policies relevant to our business;
- additions or departures of key personnel;
- release of lockup or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- potential litigation or regulatory investigations; and
- other events or factors, including those resulting from war, epidemics, incidents of terrorism or responses to these events.

Any of these factors may result in large and sudden changes in the volume and price at which our Shares or the ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict

---

## RISK FACTORS

---

our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

### **Techniques employed by short sellers may drive down the market price of our Shares or the ADSs.**

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short.

Public companies listed in the United States that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in our Shares or the ADSs could be greatly reduced or even rendered worthless.

---

## RISK FACTORS

---

**If securities or industry analysts do not publish research or publishes inaccurate or unfavorable research about our business, or if they adversely change their recommendations regarding our Shares or the ADSs, the market price for our Shares or the ADSs and trading volume could decline.**

The trading market for our Shares or the ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or the ADSs or publishes inaccurate or unfavorable research about our business, the market price for our Shares or the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares or the ADSs to decline.

**The sale or availability for sale of a substantial amount of our Shares or the ADSs could adversely affect their market price.**

Sales of a substantial amount of our Shares or the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our Shares or the ADSs and could materially impair our ability to raise capital through equity offerings in the future. Shares held by existing shareholders may also be sold in the public market in the future subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Certain holders of our Shares may cause us to register under the Securities Act the sale of their Shares, subject to the applicable lock-up period. Registration of these Shares under the Securities Act would result in ADSs representing these Shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered Shares in the form of ADSs in the public market could cause the price of the ADSs to decline. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our Shares or the ADSs.

**Because the amount, timing, and whether or not we distribute dividends at all is entirely at the discretion of our board of directors, you must rely on price appreciation of our Shares or the ADSs for return on your investment.**

Although we currently intend to distribute dividends in the future, the amount, timing, and whether or not we actually distribute dividends at all is entirely at the discretion of our board of directors. Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future

---

## RISK FACTORS

---

results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares or the ADSs will likely depend entirely upon any future price appreciation of our Shares or the ADSs. There is no guarantee that our Shares or the ADSs will appreciate in value after our initial public offering or even maintain the price at which you purchased our Shares or the ADSs. You may not realize a return on your investment in our Shares or the ADSs, and you may even lose your entire investment in our Shares or the ADSs.

**We are a “controlled company” within the meaning of the NYSE Listed Company Manual and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.**

We are a “controlled company” as defined under the NYSE Listed Company Manual because Mr. Guofu Ye, our chairman of the board of directors and our chief executive officer, and Ms. Yunyun Yang, our vice president, own more than 50% of our total voting power through their holding entities. Mr. Ye and Ms. Yang, through YYY MC Limited, an entity controlled by them, pledged certain amount of Shares in our Company beneficially owned by them. See “Substantial Shareholders” for more details. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors or that we have to establish a nominating committee and a compensation committee composed entirely of independent directors. Currently, we rely on the exemption with respect to the requirement that a majority of the board of directors consist of independent directors. If we rely on additional exemptions in the future, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

**You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong or U.S. courts may be limited, because we are incorporated under Cayman Islands law.**

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors owed to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors owed to us under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in Hong Kong or some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than Hong Kong or the United States. Some U.S. states, such as Delaware, have more fully developed, clearly

---

## RISK FACTORS

---

pronounced and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a Hong Kong court or a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies (other than the memorandum and articles of association, the register of mortgages and charges and special resolutions passed by the company's shareholders). Our directors have discretion under our Memorandum and Articles to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders, save that any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by our shareholder without charge and any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Board may determine for each inspection, provided that we may be permitted to close the register in terms equivalent to section 632 of the Companies Ordinance. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a company incorporated in Hong Kong or the United States.

**You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in this document based on foreign laws.**

We are an exempted company incorporated under the laws of the Cayman Islands, however, we conduct substantially all of our operations outside of Hong Kong or the United States and a majority of our assets are located in China. In addition, all our directors and officers reside within China for a significant portion of the time and all of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management residing in China. In addition, China does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.



---

## RISK FACTORS

---

**It may be difficult for overseas regulators to conduct investigation or collect evidence within China.**

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. See also “–You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong or U.S. courts may be limited, because we are incorporated under Cayman Islands law” for risks associated with investing in us as a Cayman Islands company.

**You may experience dilution of your holdings due to inability to participate in rights offerings.**

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. However, we cannot make such rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

**You may not receive cash dividends if the depositary decides it is impractical to make them available to you.**

The depositary will pay cash dividends on the ADSs only to the extent that we decide to distribute dividends on our Shares or other deposited securities. To the extent that there is a distribution, the depositary of the ADSs has agreed to pay to you the cash dividends or other

---

## RISK FACTORS

---

distributions it or the custodian receives on our Shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

### **Holders of the ADSs may be subject to limitations on transfer of ADSs.**

ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

### **We incur increased costs as a result of being a public company.**

We are a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the Securities and Exchange Commission, or the SEC, the NYSE, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly.

As a result of being a public company, we will need to adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the number of additional costs we may incur or the timing of such costs.

---

## RISK FACTORS

---

In addition, we will incur expenses in relation to management assessment according to requirements of Section 404(a) of the Sarbanes-Oxley Act of 2002. We also expect to incur additional significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC.

After we become a public company listed on the Stock Exchange, we will be subject to laws, rules and regulations in Hong Kong that are applicable to us. As a dual-listed company in Hong Kong and the United States, we will have to comply with laws and regulations on both markets. However, Hong Kong and the United States have different regulatory regime governing matters related to listed companies and in certain cases have fairly different requirements on certain matters. We will incur additional costs and expenses in complying with the complex regulatory systems on both markets. Failure to comply with any regulatory requirements could result in material adverse impact on the trading of our Share or the ADSs and reputation and subject us to administrative penalties.

**We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.**

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

---

## RISK FACTORS

---

**As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with such corporate governance listing standards.**

We are subject to the NYSE's corporate governance listing standards. However, the NYSE's rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Based on the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Exchange Act, we also have one year from October 14, 2020, the date of effectiveness of the registration statement on Form F-1 (File Number 333- 248991) for our initial public offering, to meet the requirement that all of the members of our audit committee, compensation committee, and nominating and corporate governance committee must be independent directors, which we currently do not meet with respect to any committee. Currently, we do not rely on home country practice with respect to any corporate governance matter, but if we choose to follow home country practices in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the NYSE corporate governance listing standards applicable to U.S. domestic issuers.

**The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and holders of ADSs may not be able to exercise the right to direct how the Shares, which are represented by ADSs, are voted.**

Holders of the ADSs do not have the same rights as our shareholders. Holders of the ADSs will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. Holders of the ADSs will only be able to exercise the voting rights carried by the underlying Shares, which are represented by ADSs, indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, holders of the ADSs may vote only by giving voting instructions to the depositary. Upon receipt of the voting instructions, the depositary will try, as far as is practicable, to vote the Shares underlying the ADSs in accordance with the instructions. If we ask for instructions from holders of the ADSs, then upon receipt of the voting instructions, the depositary will try to vote the underlying Shares in accordance with these instructions. If we do not instruct the depositary to ask for instructions from holders of the ADSs, the depositary may still vote in accordance with instructions given by holders of the ADSs, but it is not required to do so. Holders of the ADSs will not be able to directly exercise the right to vote with respect to the underlying Shares unless holders of the ADSs withdraw the shares, and become the registered holder of such shares prior to the record date for the general meeting. Under our Memorandum and Articles, the minimum notice period required to be given by our company to our registered shareholders to convene a general meeting will not be less than 21 days for an annual general meeting and not less than 14 days for any other general meetings (including an extraordinary general meeting). When a general meeting is convened, holders of the ADSs may not receive sufficient advance notice of the meeting to withdraw the underlying Shares represented by the ADSs and become the registered holder of such Shares to allow holders of the ADSs to attend the general meeting and to vote directly with respect to any

---

## RISK FACTORS

---

specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our Memorandum and Articles, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent holders of the ADSs from withdrawing the Shares underlying the ADSs and becoming the registered holder of such shares prior to the record date, so that holders of the ADSs would not be able to attend the general meeting or to vote directly. If we ask for instructions from holders of the ADSs, the depositary will notify holders of the ADSs of the upcoming vote and will arrange to deliver our voting materials to holders of the ADSs. We have agreed to give the depositary notice of shareholder meetings at least 40 days in advance of such meetings. Nevertheless, we cannot ensure that holders of the ADSs will receive the voting materials in time to ensure that holders of the ADSs can instruct the depositary to vote the underlying Shares represented by the ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out voting instructions. This means that holders of the ADSs may not be able to exercise the right to direct how the underlying Shares represented by the ADSs are voted and holders of the ADSs may have no legal remedy if the underlying Shares represented by the ADSs are not voted as requested by holders of the ADSs. In addition, an ADS holder will not be able to call a shareholders' meeting. Except in limited circumstances, the depositary for the ADSs will give us a discretionary proxy to vote the underlying Shares represented by the ADSs if holders of the ADSs do not vote at shareholders' meetings, which could adversely affect interests of holders of the ADSs.

**Forum selection provisions in our Memorandum and Articles and our deposit agreement with the depositary bank could limit the ability of holders of our Shares, ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary bank, and potentially others.**

Our Memorandum and Articles provide that the federal district courts of the United States are the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising under the Securities Act and the Exchange Act. Our agreement with the depositary bank also provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act. However, the enforceability of similar federal court choice of forum provisions has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable, unenforceable, or inconsistent with other documents that are relevant to the filing of such lawsuits. If a court were to find the federal choice of forum provision contained in our Memorandum and Articles or our deposit agreement with the depositary bank to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our Memorandum and Articles, as well as the forum selection provisions in the deposit agreement, may limit a security-holder's ability to bring a claim against us, our directors and officers, the

---

## RISK FACTORS

---

depository bank, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. In addition, the Securities Act provides that both federal and state courts have jurisdiction over suits brought to enforce any duty or liability under the Securities Act or the rules and regulations thereunder. Accepting or consent to this forum selection provision does not constitute a waiver by you of compliance with federal securities laws and the rules and regulations thereunder. You may not waive compliance with federal securities laws and the rules and regulations thereunder. The exclusive forum provision in our Memorandum and Articles will not operate so as to deprive the courts of the Cayman Islands from having jurisdiction over matters relating to our internal affairs.

**We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.**

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depository may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depository. In the event that the terms of an amendment impose or increase fees or charges (other than taxes and other governmental charges, registration fees, cable (including SWIFT) or facsimile transmission costs, delivery costs or other such expenses) or that would otherwise prejudice any substantial existing right of the ADS holders, such amendment will not become effective as to outstanding ADSs until the expiration of 30 days after notice of that amendment has been disseminated to the ADS holders, but no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when the ADSs are delisted from the stock exchange in the United States on which the ADSs are listed and we do not list the ADSs on another stock exchange in the United States, nor is there a symbol available for over-the-counter trading of the ADSs in the United States. If the ADS facility will terminate, ADS holders will receive at least 90 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying Shares, but will have no right to any compensation whatsoever.

**Your rights to pursue claims against the depository as a holder of ADSs are limited by the terms of the deposit agreement.**

Under the deposit agreement, any legal suit, action or proceeding against or involving us or the depository, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a



---

## RISK FACTORS

---

particular dispute, in the state courts in New York County, New York), and you, as a holder of the ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. It is possible that a court could find this type of forum selection provision to be inapplicable, unenforceable, or inconsistent with other documents that are relevant to the filing of such lawsuits. For risks related to the enforceability of such exclusive forum selection provision, please see “–Forum selection provisions in our Memorandum and Articles and our deposit agreement with the depository bank could limit the ability of holders of our Shares, ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depository bank, and potentially others.” Accepting or consent to this forum selection provision does not constitute a waiver by you of compliance with federal securities laws and the rules and regulations thereunder. You may not waive compliance with federal securities laws and the rules and regulations thereunder.

The deposit agreement provides that the depository or an ADS holder may require any claim asserted by it against us arising out of or relating to our Shares, the ADSs or the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement, although the arbitration provisions do not preclude you from pursuing any claim, including claims under the Securities Act or the Exchange Act in the United States District Court for the Southern District of New York (or such state courts if the United States District Court for the Southern District of New York lacks subject matter jurisdiction). The exclusive forum selection provisions in the deposit agreement also do not affect the right of any party to the deposit agreement to elect to submit a claim against us to arbitration, or our duty to submit that claim to arbitration, as provided in the deposit agreement, or the right of any party to an arbitration under the deposit agreement, to commence an action to compel that arbitration, or to enter judgment upon or to enforce an award by the arbitrators, in any court having jurisdiction over an action of that kind.

**ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.**

The deposit agreement governing the ADSs representing our Shares provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts in New York County, New York) have exclusive jurisdiction to hear and determine claims arising under the deposit agreement (including claims arising under the Exchange Act or the Securities Act) and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our Shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the



---

## RISK FACTORS

---

enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depository. If a lawsuit is brought against us and/or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

**The depository for the ADSs will give us a discretionary proxy to vote our Shares underlying your ADSs if you do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect your interests.**

Under the deposit agreement for the ADSs, if you do not vote, the depository will give us a discretionary proxy to vote our Shares underlying your ADSs at shareholders' meetings if:

- we have instructed the depository that we wish a discretionary proxy to be given;
- we reasonably do not know of any substantial opposition to the matter to be voted on at the meeting; or
- the matter to be voted on at the meeting is not materially adverse to the interests of shareholders.

---

## RISK FACTORS

---

The effect of this discretionary proxy is that if you do not vote at shareholders' meetings, you cannot prevent our Shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our Shares are not subject to this discretionary proxy.

### **RISKS RELATED TO THE GLOBAL OFFERING AND THE DUAL LISTING**

**An active trading market for our Shares on the Hong Kong Stock Exchange might not develop or be sustained and trading prices of our Shares might fluctuate significantly.**

Following the completion of the Global Offering, we cannot assure you that an active trading market for our Shares on the Hong Kong Stock Exchange will develop or be sustained. The trading price or liquidity for the ADSs on the New York Stock Exchange might not be indicative of those of our Shares on the Hong Kong Stock Exchange following the completion of the Global Offering. If an active trading market of our Shares on the Hong Kong Stock Exchange does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

In 2014, the Hong Kong, Shanghai, and Shenzhen stock exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and PRC investors to trade eligible equity securities listed in each other's markets through the trading and clearing facilities of their home exchange. Stock Connect currently covers over 2,000 equity securities trading in the Hong Kong, Shanghai, and Shenzhen markets. Stock Connect allows PRC investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading; without Stock Connect, PRC investors would not otherwise have a direct and established means of engaging in Southbound Trading. However, there remains uncertainty as to the implementation details, especially with respect to shares of those companies with a secondary or dual-primary listing on the Hong Kong Stock Exchange. It is unclear whether and when the Shares of our Company, a company with a dual-primary listing in Hong Kong upon the Listing, will be eligible to be traded through Stock Connect, if at all. The ineligibility or any delay of our Shares for trading through Stock Connect will affect PRC investors' ability to trade our Shares and therefore may limit the liquidity of the trading of our Shares on the Hong Kong Stock Exchange.

**Since there will be a gap of several days between pricing and trading of our Shares, the price of the ADSs traded on the New York Stock Exchange may fall during this period and could result in a fall in the price of our Shares to be traded on the Hong Kong Stock Exchange.**

The pricing of the Offer Shares will be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be about four Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the

---

## RISK FACTORS

---

trading price of our Shares could fall when trading commences as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the time trading begins. In particular, as the ADSs will continue to be traded on the New York Stock Exchange and their price can be volatile, any fall in the price of the ADSs may result in a fall in the price of our Shares to be traded on the Hong Kong Stock Exchange.

**The characteristics of the U.S. capital markets and the Hong Kong capital markets are different.**

The New York Stock Exchange and the Hong Kong Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our Shares and the ADSs representing them might not be the same, even allowing for currency differences. Fluctuations in the price of the ADSs due to circumstances peculiar to its home capital market could materially and adversely affect the price of the Shares. Because of the different characteristics of the U.S. and Hong Kong equity markets, the historic market prices of the ADSs may not be indicative of the performance of our securities (including the ordinary shares) after the Global Offering.

**Exchange between our Shares and the ADSs may adversely affect the liquidity or trading price of each other.**

The ADSs are currently traded on the New York Stock Exchange. Subject to compliance with U.S. securities laws and the terms of the deposit agreement, holders of our Shares may deposit Shares with the depositary in exchange for the issuance of the ADSs. Any holder of ADSs may also withdraw the underlying Shares represented by the ADSs pursuant to the terms of the deposit agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of Shares are deposited with the depositary in exchange for ADSs or vice versa, the liquidity and trading price of our Shares on the Hong Kong Stock Exchange and the ADSs on the New York Stock Exchange may be adversely affected.

**The time required for the exchange between our Shares and the ADSs might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of Shares into ADSs involves costs.**

There is no direct trading or settlement between the New York Stock Exchange and the Hong Kong Stock Exchange on which the ADSs and our Shares are respectively traded. In addition, the time differences between Hong Kong and New York, unforeseen market circumstances, or other factors may delay the deposit of Shares in exchange for the ADSs or the withdrawal of Shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, we cannot assure you that any exchange for Shares into ADSs (and vice versa) will be completed in accordance with the timelines that investors may anticipate.

---

## RISK FACTORS

---

Furthermore, the depository for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of Shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs, and annual service fees. As a result, shareholders who exchange Shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

**We may be subject to securities litigation, which is expensive and could divert management attention.**

Companies that have experienced volatility in the volume and market price of their shares have been subject to an increased incidence of securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, and, if adversely determined, could have a material adverse effect on our business, financial condition and results of operations.

**As the public offering price is substantially higher than our net tangible book value per ordinary share, you will incur immediate and substantial dilution.**

If you purchase ordinary shares in the Global Offering, you will pay more for your Shares than the amount paid by existing holders for their Shares or ADSs on a per ordinary share basis. As a result, you will experience immediate and substantial dilution after giving effect to the Global Offering. In addition, you will experience further dilution to the extent that our ordinary shares are issued upon the exercise of share options or vesting of restricted share units. All of the ordinary shares issuable upon the exercise of currently outstanding share options will be issued at a purchase price on a per ordinary share basis that is less than the public offering price per ordinary share in the Global Offering.

---

## WAIVERS AND EXEMPTIONS

---

In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, in the mainland China. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. Saiyin Zhang, our executive Director, chief financial officer and executive vice president, and Ms. Hoi Ting Wong (“**Ms. Wong**”), our joint company secretary;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact details, including mobile phone numbers, office phone numbers, residential phone numbers, e-mail addresses and facsimile numbers to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;

---

## WAIVERS AND EXEMPTIONS

---

- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Haitong International Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide us with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties. The Compliance Adviser will also provide advice to us when consulted by us in compliance with Rule 3A.23 of the Listing Rules; and
- (e) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

### JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles they played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

---

## WAIVERS AND EXEMPTIONS

---

- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company appointed Ms. Wong of TMF Hong Kong Limited and Mr. Jingjing Zhang (“**Mr. Zhang**”), our director of capital markets, as joint company secretaries. See the section headed “Directors and Senior Management – Company Secretaries” for their biographies.

Ms. Wong is an associate of both The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company’s principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. Zhang, who is an employee of our Company and who has day-to-day knowledge of our Company’s affairs. Mr. Zhang has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three year period from the Listing Date, in accordance with HKEX-GL108-20, on the conditions that: (i) Ms. Wong is appointed as a joint company secretary to assist Mr. Zhang in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Wong, during the three-year period, ceases to provide assistance to Mr. Zhang as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Mr. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Mr. Zhang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Mr. Zhang and the need for on-going assistance of Ms. Wong will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Mr. Zhang, having benefited from the assistance of Ms. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.



---

## WAIVERS AND EXEMPTIONS

---

### DEALINGS IN SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the “**Relevant Period**”).

Our Company had over 100 subsidiaries as of February 28, 2022, and its ADSs are widely held, publicly traded and listed on the NYSE. Our Company considers that it is therefore not in a position to control the investment decisions of its shareholders or the investing public in the United States.

Solely based on public filings with the SEC as of the Latest Practicable Date, other than Mr. Ye (our Company’s Controlling Shareholder and an executive Director) and Ms. Yang (our Company’s vice president and spouse of Mr. Ye who makes joint decisions with Mr. Ye on the exercise of the voting power of the shares owned by them through their holding vehicles, and who is also a Controlling Shareholder of our Company), and the intermediary companies through which Mr. Ye and Ms. Yang have an interest in the Company, there were no Shareholders who controlled more than 10% of the voting rights of our Company.

For a company whose securities are listed and traded in the U.S., our Company notes that it is a common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act (the “**Rule 10b5-1 Plan(s)**”) to buy or sell the company’s securities. A Rule 10b5-1 Plan must be in writing and meet certain conditions set forth in Rule 10b5-1 in order to be valid, and such conditions include, among other things, that the plan must (a) be entered into at a time when the person trading the securities is not aware of any material non-public information; (b) specify the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; and (c) not allow the person trading the securities to exercise any subsequent influence over how, when, or whether to effect purchases or sales. Persons who trade securities pursuant to a validly established Rule 10b5-1 Plan have an affirmative defense against insider trading allegations under U.S. securities law.

On the basis of the above, our Company considers that the following categories of persons (collectively, the “**Permitted Persons**”) should not be subject to the dealing restrictions set out in Rule 9.09(b) of the Listing Rules:

- (a) Mr. Ye and Ms. Yang, in respect of use of their Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period. (“**Category 1**”);

---

## WAIVERS AND EXEMPTIONS

---

- (b) our Directors other than Mr. Ye and Ms. Yang, and the directors and chief executives of our Company's significant subsidiaries (that is, subsidiaries that are not "insignificant subsidiaries" as defined under the Listing Rules, "**Significant Subsidiaries**"), in respect of (i) their respective use of the Shares as security (including, for the avoidance of doubt, using their respective shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) their respective dealings pursuant to Rule 10b5-1 Plans that have been set up prior to the Relevant Period ("**Category 2**");
- (c) directors, chief executives and substantial shareholders of our Company's insignificant subsidiaries (as defined under the Listing Rules) and their close associates ("**Category 3**"); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our Company's substantial shareholder and who is not its director or chief executive, or a director or chief executive of our Company's subsidiaries, or their close associates ("**Category 4**").

For the avoidance of doubt:

- (a) as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Listing Rules; and
- (b) persons in Category 1 and Category 2 who (i) use their respective Shares other than as described in this section headed "Dealings in Shares prior to Listing" and/or (ii) who are not dealing in our Company's securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restrictions under Rule 9.09(b) of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules on the following conditions:

- (a) where Categories 1 and 2 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares during the Relevant Period;

---

## WAIVERS AND EXEMPTIONS

---

- (b) Category 2 of the Permitted Persons who entered into Rule 10b5-1 Plans have no discretion over dealings in our Company's ADSs after the plans have been entered into;
- (c) Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any non-public inside information of our Company given that such persons are not in a position with access to information that is considered material to our Company taken as a whole. Given the large number of our Company's subsidiaries and its vast ADS holder base, our Company and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in the ADSs;
- (d) our Company will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which our Company is aware and will not have any influence over the Global Offering;
- (e) our Company will notify the Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when we become aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (f) prior to the Listing Date, other than within the permitted scopes set out above, our Directors and chief executive and the directors and chief executives of our Significant Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under our Group's share incentive plans.

We believe that the circumstances relating to this waiver align with those set out in the Stock Exchange's Guidance Letter HKEX-GL42-12 and the Note to Rule 9.09 of the Listing Rules and the grant of this waiver will not prejudice the interests of potential investors.

### **SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS**

Rule 2.03(2) of the Listing Rules provides that the issue and marketing of securities should be conducted in a fair and orderly manner.

Rule 10.04 of the Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled. Paragraph 5(2) of Appendix 6 to the Listing Rules

---

## WAIVERS AND EXEMPTIONS

---

states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are as follows:

- (a) that no securities are offered to the purchasers on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and
- (b) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

The Stock Exchange's Guidance Letter HKEX-GL85-16 provides that the Stock Exchange will consider granting a waiver from Rule 10.04 and consent pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules allowing an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company has been listed on the NYSE since October 2020 and has a wide and diverse shareholder base. There is a robust level of trade in our Company's securities, with significant daily trading volume resulting in daily changes to its existing shareholders. Our Company is not in a position to prevent any person or entity from acquiring its listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for our Company to seek the prior consent of the Stock Exchange for each of its existing shareholders or their close associates who subscribe for Offer Shares in the Global Offering.

We confirm that any person (whether or not an existing Shareholder) who may, as a result of dealings, become the Shareholder and who is not a director or chief executive of our Company or its subsidiaries, or any of their close associates (the "**Permitted Existing Shareholders**"), has no influence over the Global Offering and is not in possession of any non-public inside information and are effectively in the same position as any other public investors of our Company.

Solely based on public filings with the SEC available as of December 31, 2021, our Company had no shareholder who was not a director and who controlled 5% or more of our Company's voting rights. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Listing Rules in respect of the restriction on each Permitted Existing Shareholder, subject to the following conditions:

- (a) each Permitted Existing Shareholder is interested in less than 5% of our Company's voting rights immediately before the Listing;

---

## WAIVERS AND EXEMPTIONS

---

- (b) each Permitted Existing Shareholder is neither a director nor member of the senior management of our Company or its subsidiaries or any of their close associates;
- (c) the Permitted Existing Shareholders do not have the power to appoint directors of, or any other special rights in, our Company;
- (d) the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and placees in the Global Offering;
- (e) the Permitted Existing Shareholders will be subject to the same book-building and allocation process as other investors in the Global Offering;
- (f) no preferential treatment will be given to the Permitted Existing Shareholders in the allocation process by virtue of their relationship with our Company. Each of our Company, the Joint Bookrunners and the Joint Sponsors (based on its discussions with our Company, the Joint Bookrunners and the Joint Sponsors and the confirmations required to be submitted to the Stock Exchange by our Company, the Joint Bookrunners and the Joint Sponsors), will or have confirmed to the Stock Exchange in writing that, to the best of its knowledge and belief, that no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders as a placee in the International Offering by virtue of their relationship with our Company; and
- (g) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

We expect to satisfy all the conditions set out in paragraph 4.20 of Guidance Letter HKEX-GL85-16 so that no actual or perceived preference will be given to the Permitted Existing Shareholders due to their existing shareholdings in our Company.

Allocation to the Permitted Existing Shareholders will not be disclosed in our Company's allotment results announcement (other than to the extent that such Permitted Existing Shareholders subscribe for shares as cornerstone investors) unless such Permitted Existing Shareholders are interested in 5% or more of the issued share capital of our Company after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for our Company to disclose such information given that there is no requirement to disclose interests in equity securities under the U.S. Exchange Act unless the beneficial ownership of such person (including directors and officers of the company concerned) reaches more than 5% of equity securities registered under Section 12 of the U.S. Exchange Act.

---

## WAIVERS AND EXEMPTIONS

---

### WAIVER AND EXEMPTION IN RELATION TO THE 2020 SHARE INCENTIVE PLAN

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by our Company (the “**Share Option Disclosure Requirements**”):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options;
- (b) Paragraph 27 of Appendix 1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and
- (c) Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the Latest Practicable Date, our Company had granted outstanding options under the 2020 Share Incentive Plan to 239 grantees (including Directors and senior management of our Company and other employees of our Group) to subscribe for an aggregate of 11,449,336 Shares. As of the Latest Practicable Date, among the outstanding options, 58,436 were held by two Directors, 280,000 were held by three consultants and 11,110,900 were held by 234 employees of our Group (who are not Directors, members of senior management or connected persons of our Company). The Shares underlying the granted options represent approximately 0.90% of the total number of issued and outstanding Shares immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under 2020 Share Incentive Plan). No further options will be granted pursuant to the 2020 Share Incentive Plan between the Latest Practicable Date and the Listing. For further details of our 2020 Share Incentive Plan, see the section headed “Statutory and General Information – D. 2020 Share Incentive Plan” in Appendix V to this document.

---

## WAIVERS AND EXEMPTIONS

---

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in this document on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, among others:

- (a) as of the Latest Practicable Date, we had granted outstanding options to a total of 239 grantees under the 2020 Share Incentive Plan to acquire an aggregate of 11,449,336 Shares, representing approximately 0.90% of the total number of Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the 2020 Share Incentive Plan). The grantees under the 2020 Share Incentive Plan include two Directors, three consultants and 234 employees of our Group (who are not Directors, members of senior management or connected persons of our Company);
- (b) our Directors consider that it would be unduly burdensome to disclose in this document full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and prospectus preparation for strict compliance with such disclosure requirements. For example, we would need to collect and verify the addresses of over two hundred grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;
- (c) material information on the options has been disclosed in this document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
  - (i) a summary of the latest terms of the 2020 Share Incentive Plan;
  - (ii) the aggregate number of Shares subject to the options and the percentage of our Shares of which such number represents;



---

## WAIVERS AND EXEMPTIONS

---

- (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the 2020 Share Incentive Plan);
- (iv) full details of the options granted to (1) Directors and members of the senior management and connected persons (if any) of our Company; (2) consultants of our Group; and (3) other grantees who have been granted options to subscribe for 200,000 or more Shares, on an individual basis, are disclosed in this document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies Ordinance;
- (v) with respect to the options granted to other grantees (other than those referred to in (iv) above), disclosure are made on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantees, being (1) 1-50,000; (2) 50,001-100,000; and (3) 100,001-200,000 for each lots of Share, the following details are disclosed in this document, including (1) the aggregate number of such grantees and the number of Shares subject to the options; (2) the consideration paid for the grant of the options; and (3) the exercise period and the exercise price for the options;
- (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively;
- (vii) a full list of all the grantees under the 2020 Share Incentive Plan, containing all the particulars as required under the applicable Share Option Disclosure Requirements be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display – Document Available for Inspection” in Appendix VI to this document;

the above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEx-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange.

- (d) the 237 grantees who are not Directors, members of the senior management or connected persons of our Company, have been granted options under the 2020 Share Incentive Plan to acquire an aggregate of 11,390,900 Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company; and

---

## WAIVERS AND EXEMPTIONS

---

- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group. Strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of over two hundred grantees without reflecting the materiality of the information does not provide any additional meaningful information to the investing public.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public.

The Stock Exchange has granted to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules with respect to the options granted under the 2020 Share Incentive Plan on the condition that:

- (a) on an individual basis, full details of the options granted under the 2020 Share Incentive Plan to (1) each of the Directors and the senior management and connected persons (if any) of our Company; (2) consultants of our Group; and (3) other grantees who have been granted options to subscribe for 200,000 or more Shares, are disclosed in the section headed “Statutory and General Information–2020 Share Incentive Plan” in Appendix V as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the 2020 Share Incentive Plan to other grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantees, being (1) 1-50,000; (2) 50,001-100,000; and (3) 100,001-200,000 for each lots of Share, the following details are disclosed in this document, including (1) the aggregate number of the grantees other than those set out in (a) above and the number of Shares subject to the options granted to them under the 2020 Share Incentive Plan; (2) the consideration paid for the grant of the options under the 2020 Share Incentive Plan; and (3) the exercise period and the exercise price for the options granted under the 2020 Share Incentive Plan;
- (c) the aggregate number of Shares underlying the outstanding options granted under the 2020 Share Incentive Plan and the percentage of our Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date are disclosed in this document;

---

## WAIVERS AND EXEMPTIONS

---

- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the 2020 Share Incentive Plan are disclosed in the section headed “Statutory and General Information–2020 Share Incentive Plan” in Appendix V;
- (e) a summary of the major terms of the 2020 Share Incentive Plan are disclosed in the section headed “Statutory and General Information–2020 Share Incentive Plan” in Appendix V;
- (f) the particulars of this waiver are disclosed in this document;
- (g) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (h) a full list of all the grantees under the 2020 Share Incentive Plan, containing all the particulars as required under the applicable Share Option Disclosure Requirements will be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display – Document Available for Inspection” in Appendix VI to this document.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options granted under the 2020 Share Incentive Plan exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) full details of the options under the 2020 Share Incentive Plan granted to (1) each of the Directors and the senior management and connected persons (if any) of our Company; (2) consultants of our Group; and (3) other grantees who have been granted options to subscribe for 200,000 or more Shares, are disclosed in the section headed “Statutory and General Information–2020 Share Incentive Plan” in Appendix V as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the 2020 Share Incentive Plan to grantees (other than those referred to in (a) above), disclosure will be made on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantees, being (1) 1-50,000; (2) 50,001-100,000; and (3) 100,001-200,000 for each lots of Share, the following details are disclosed in this document: (1) the aggregate number of the grantees and the number of Shares subject to the options granted to them under the 2020 Share Incentive Plan; (2) the consideration paid for the grant of the options under the 2020 Share Incentive Plan; and (3) the exercise period and the exercise price for the options granted under the 2020 Share Incentive Plan;

---

## WAIVERS AND EXEMPTIONS

---

- (c) a full list of all the grantees under the 2020 Share Incentive Plan, containing all the particulars as required under the applicable Share Option Disclosure Requirements will be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display – Document Available for Inspection” in Appendix VI to this document; and
- (d) the particulars of this exemption are disclosed in this document and that this document will be issued on or before June 30, 2022.

Further details of the 2020 Share Incentive Plan are set forth in the section headed “Statutory and General Information–2020 Share Incentive Plan” in Appendix V.

### **EXERCISE PRICE OF OPTIONS TO BE GRANTED PURSUANT TO THE 2020 SHARE INCENTIVE PLAN AFTER THE LISTING**

Note (1) to Rule 17.03(9) of the Listing Rules states that the exercise price of an option must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant.

Since the listing of our Company’s ADSs on the NYSE in October 2020, it has been our Company’s practice to issue options exercisable into ADSs (each of which represents four underlying Shares) under the 2020 Share Incentive Plan and our Company will continue to issue options exercisable into ADSs after the Listing. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars.

On the basis that (a) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement in Note (1) to Rule 17.03(9) of the Listing Rules, and (b) it has been our Company’s practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, our Company will continue to grant options under the 2020 Share Incentive Plan with exercise prices based on the market price of its ADSs which are denominated in U.S. dollars after the Listing, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules such that our Company be able to determine the exercise price for grants under its share option schemes based on the higher of: (i) the per-share closing price of our Company’s ADSs on the NYSE on the date of grant, which must be a NYSE trading day; and (ii) the average per-share closing price of our Company’s ADSs on the NYSE for the five NYSE trading days immediately preceding the date of grant, subject to the condition that our Company shall not issue any share options with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Note (1) to Rule 17.03(9) of the Listing Rules.

---

## WAIVERS AND EXEMPTIONS

---

### THE DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGES IN SHARE CAPITAL

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of our Group within two years immediately preceding the issue of this document.

We have identified 12 entities that we consider are the major subsidiaries primarily responsible for the track record results of our Group (the “**Principal Entities**,” and each a “**Principal Entity**”). For further details, see the section headed “History and Corporate Structure – Our Major Subsidiaries”. Globally, our Group has over 100 subsidiaries as of the Latest Practicable Date. It would be unduly burdensome for our Company to disclose particulars of any alternations in the share capital of all our subsidiaries, which would not be material or meaningful to investors. None of the non-Principal Entities is individually material to us in terms of its contribution to our Company’s total net revenues or total assets or holds any major assets and intellectual property rights. By way of illustration, for each of the fiscal years ended June 30, 2019, 2020 and 2021 and for the six months ended December 31, 2021, the aggregate revenue of the Principal Entities represented approximately 74%, 96%, 96% and 97% of our Group’s total revenues, respectively, the aggregate assets of the Principal Entities represented approximately 91%, 88%, 83% and 89% of our Group’s total assets, respectively. Accordingly, the remaining subsidiaries in our Group are not significant to the overall operations and financial results of our Group.

Particulars of the changes in the share capital of our Company and the Principal Entities have been disclosed in the section headed “Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 2. Changes in share capital of our Company” and “Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 3. Changes in the share capital of our Major Subsidiaries” in Appendix V to this document.

### DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Part A of Appendix 1 to the Listing Rules provides that the issue price or offer price of each security must be disclosed in the listing document.

The Public Offer Price will be determined by reference to, among other factors, the closing price of the ADS on NYSE on the last trading date on or before the price determination date and we have no control on the market price of the ADSs traded on NYSE. The latest market price of our Company’s ADSs is accessible to the Shareholders and potential investors at <https://www.nyse.com/quote/XNYS:MNSO>. Given the ADSs of our Company are freely tradable on NYSE, there may be price fluctuations in the ADSs as a result of market volatility and other factors during the period from the bulk-printing of this document until the pricing of the Global Offering.

---

## WAIVERS AND EXEMPTIONS

---

Setting a fixed price or a price range with a low end offer price per Offer Share may adversely affect the market price of the ADSs and the Hong Kong Offer Shares considering, among other factors, that this may indicate an arbitrary floor price and may potentially prejudice our ability to price in the best interest of us and our Shareholders.

A maximum Public Offer Price will be disclosed in this document and the Application Form. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

This document will also disclose (i) the time for determination and announcement of the International Offer Price and the Public Offer Price, (ii) the historical prices of the ADSs and the trading volume on the NYSE, (iii) the determinants of the pricing of the Offer Shares and (iv) the source for the potential investors to access the latest market price of the ADSs, which will provide the potential investors with sufficient information to form informed decisions of their investment.

Given in no circumstances will the Public Offer Price for the Hong Kong Offer Shares be greater than the maximum Public Offer Price as stated in this document and the Application Form, the disclosure of the maximum Public Offer Price in this document will be in compliance with the requirement to disclose the “amount payable on application and allotment on each share” as required by paragraph 9 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix 1 to the Listing Rules.

---

## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

---

### DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, 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 to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document misleading.

### GLOBAL OFFERING

This document 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 document and the **GREEN** Application Form contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this document and the **GREEN** Application Form and on the terms and subject to the conditions set out herein and therein. No person is authorised to give document information in connection with the Global Offering or to make any representation not contained in this document and the relevant **GREEN** Application Form, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the pricing of the Offer Shares to be determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

See the section headed "Underwriting" for further information about the Underwriters and the underwriting arrangements.



---

## **INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING**

---

Neither the delivery of this document nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this document or imply that the information contained in this document is correct as of any date subsequent to the date of this document.

### **RESTRICTIONS ON OFFER AND SALE OF THE SHARES**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this document.

No action has been taken to permit a public offering of the Offer Shares (except for a registration of Shares on a registration statement on Form F-3 to be filed with the SEC) or the distribution of this document and/or the **GREEN** Application Form in any jurisdiction other than Hong Kong or the United States pursuant to an applicable exemption from the registration requirements under the U.S. federal securities laws. Accordingly, without limitation to the following, this document and/or the **GREEN** Application Form may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and/or the **GREEN** Application Form and the offering and sales 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 authorization by the relevant securities regulatory authorities or an exemption therefrom.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, (i) the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the Shares to be issued pursuant to the 2020 Share Incentive Plan.

We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the fiscal year ended June 30, 2021, being approximately RMB9,071.7 million (equivalent to HK\$11.1 billion), is over HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the maximum Public Offer Price of HK\$22.10 per Offer Share, exceeds HK\$4 billion.

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, July 13, 2022. ADSs, representing our ordinary shares, are currently listed on and dealt on the NYSE. Other than the foregoing, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be

---

## **INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING**

---

sought on the Stock Exchange or any other stock exchange as of the date of this document. All the Offer Shares will be registered on the Hong Kong share register of our Company in order to enable them to be traded on the Stock Exchange.

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, the 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 or on behalf of the Stock Exchange.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, agents or representatives 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, disposition of, or dealing in, the Shares or exercising any rights attached to them.

### **OVER-ALLOTMENT OPTION AND STABILISATION**

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed “Structure of the Global Offering”. Assuming that the Over-allotment Option is exercised in full, the Company may be required to sell up to an aggregate of 6,165,000 new Shares.

### **HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY**

The Company’s principal register of members will be maintained by its principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands. All of the Shares issued pursuant to the Global Offering will be registered on the Company’s Hong Kong share register to be maintained in Hong Kong by its Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Dealings in the Shares registered in our Company’s Hong Kong Share Register will be subject to Hong Kong stamp duty. Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong share register of our Company, by ordinary post, at the shareholders’ risk, to the registered address of each shareholder.

---

## **INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING**

---

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance 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 on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement 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 the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

### **LISTINGS**

Our Company currently has a primary listing of ADSs on the NYSE, which it intends to maintain alongside its proposed dual primary listing of Shares on the Stock Exchange.

### **PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES**

The application procedures for the Hong Kong Offer Shares are set forth in “How to Apply for Hong Kong Offer Shares” and on the relevant Application Forms.

### **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering”.

### **EXCHANGE RATE CONVERSION**

Our reporting currency is Renminbi. This document contains translations of financial data in Renminbi and Hong Kong dollar amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise stated, all translations of financial data in Renminbi and Hong Kong dollars into U.S. dollars and from U.S. dollars into Renminbi and Hong Kong dollars in this document were made at a rate of RMB6.3726 to US\$1.00 and HK\$7.7996 to US\$1.00, the respective exchange rate on December 30, 2021 set forth in the H.10 statistical release of the Federal Reserve Board. All translations of financial data in relation to the Global Offering (including listing expenses and net proceeds from the Global

---

## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

---

Offering) in Renminbi and Hong Kong dollar into U.S. dollars and from U.S. dollars into Renminbi and Hong Kong dollar in this document were made at a rate of RMB6.6880 to US\$1.00 and HK\$7.8498 to US\$1.00, the respective exchange rate on June 21, 2022 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that any amounts in RMB or US\$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

### SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this document and on the relevant Application Forms.

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

### OWNERSHIP OF ADSS

An owner of ADSs may hold his or her ADSs (a) directly, either (i) by means of an ADR registered in his or her name or (ii) as uncertificated ADSs registered in his or her name (commonly referred to as the “**direct registration system**” or “**DRS**”), or (b) indirectly as a securities entitlement to ADSs held in a securities account with a broker or other securities intermediary that is a direct or indirect participant in The Depository Trust Company (“**DTC**”), the central book-entry clearing and settlement system for equity securities in the United States. Holders of ADSs in the direct registration system receive periodic statements from the depository bank confirming their holdings. The direct registration system also provides for automated transfers between direct registered holding of ADSs and holding through a broker or other securities intermediary that participates in DTC. If an owner of ADSs decides to hold his or her ADSs through his or her brokerage or safekeeping account, he or she must rely on the procedures of his or her broker or other securities intermediary to assert his or her rights as ADS owner. All ADSs held through DTC will be registered in the name of a nominee of DTC.

---

## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

---

### DEALINGS AND SETTLEMENT OF SHARES IN HONG KONG

Dealings in our Shares on the Stock Exchange will be conducted in Hong Kong dollars. Our Shares will be traded on the Stock Exchange in board lots of 200 Shares.

The transaction costs of dealings in our Shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.005% of the consideration of the transaction, charged to each of the buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- FRC transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- trading tariff of HK\$0.50 on each and every purchase or sale transaction. The decision on whether or not to pass the trading tariff onto investors is at the discretion of brokers;
- transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.26% of the value of the transaction, with 0.13% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate cancelled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors in Hong Kong must settle their trades executed on the Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his/her Shares in his/her stock account or in his/her designated CCASS Participant's stock

---

## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

---

account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his/her broker or custodian before the settlement date.

An investor may arrange with his/her broker or custodian on a settlement date in respect of his/her trades executed on the Stock Exchange. Under the Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must be the second settlement day (a day on which the settlement services of CCASS are open for use by CCASS Participants) following the trade date (T+2). For trades settled under CCASS, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time provided that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

### DEPOSITARY

The depositary for the ADS program is The Bank of New York Mellon (the “**Depositary**”), whose office is located at 240 Greenwich Street, New York, NY 10286, United States. The certificated ADSs are evidenced by certificates referred to as ADRs.

Each ADS represents ownership interests in four Shares, and any and all securities, cash or other property deposited with the Depositary in respect of such Shares but not distributed to ADS holders.

ADSs may be held either (1) directly (a) by having an ADR registered in the holder’s name or (b) by holding in the DRS, pursuant to which the Depositary may register the ownership of uncertificated ADSs, which ownership shall be confirmed by statements sent by the Depositary to the ADS holders entitled thereto, or (2) indirectly through the holder’s broker or other securities intermediary. The following discussion regarding ADSs assumes the holder holds its ADSs directly. If a holder holds the ADSs indirectly, it must rely on the procedures of its broker or other securities intermediary to assert the rights of ADS holders described in this section. If applicable, you should consult with your broker or other securities intermediary to find out what those procedures are.

We do not treat ADS holders as Shareholders, and ADS holders have no Shareholder rights. Cayman Islands law governs Shareholder rights. Because the Depositary actually holds the legal title to our Shares represented by ADSs (through the Depositary’s Custodian (as defined below)), ADS holders must rely on it to exercise rights with respect to the ordinary shares represented thereby. The obligations of the Depositary are set out in the deposit agreement among us, the Depositary and ADS holders and beneficial owners, as amended from time to time (the “**Deposit Agreement**”). The Deposit Agreement and the ADSs are governed by the law of the State of New York.

---

## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

---

### Transfer of Shares to Hong Kong Share Register

All of our Shares are currently registered on the principal register of members in the Cayman Islands. As at the Latest Practicable Date, there was an aggregate of 1,225,566,355 issued Shares on the registers of members in the Cayman Islands, 338,233,180 of which were on deposit in the ADS program. For the purposes of trading on the Stock Exchange, the Shares must be registered in the Hong Kong Share Register. ADSs are quoted for trading on NYSE. An investor who holds Shares and wishes to trade ADSs on NYSE must deposit or have his broker deposit with The Hongkong and Shanghai Banking Corporation Limited, as custodian of the Depositary (the “**Depositary’s Custodian**”), Shares, or evidence of rights to receive Shares, so as to receive the corresponding ADSs as described below.

### Converting Shares Trading in Hong Kong to ADSs

An investor who holds Shares registered in Hong Kong and who intends to deposit them for delivery of ADSs to trade on the New York Stock Exchange must deposit or have his or her broker deposit the Shares with the depositary’s Hong Kong custodian, The Hongkong and Shanghai Banking Corporation Limited, in exchange for ADSs.

A deposit of Shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If Shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary’s account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.
- If Shares are held outside CCASS, the investor must arrange to deposit his or her Shares into the CCASS for delivery to the depositary’s account with the custodian within CCASS, and must submit ADS delivery instructions to the custodian via his or her broker.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed by the depositor.

For Shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For Shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete, because the Shares must be moved from the Cayman register to the Hong Kong register in order to be eligible for CCASS. Other delays in ADS



---

## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

---

delivery temporary delays may arise, in either case. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

### **Surrender of ADSs for delivery of Shares Trading in Hong Kong**

An investor who holds ADSs and who wishes to receive ADSs Shares that trade on the Hong Kong Stock Exchange must surrender the ADSs to the depositary to receive delivery of Shares from the ADS program and cause his or her broker or other financial institution to trade such Shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker or other financial institution should follow the procedure of the broker or financial institution and instruct the broker to arrange for surrender of the ADSs, and delivery of the underlying Shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw Shares from the ADS program, an investor who holds ADSs may surrender such ADSs at the office of the depositary (and physically deliver the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will instruct the custodian to deliver Shares underlying the canceled ADSs to the CCASS account designated by the surrendering investor.
- If an investor prefers to receive Shares outside CCASS, he or she must receive Shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register Shares in their own names with the Hong Kong Share Registrar.

For Shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions.

For Shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Shares on the Hong Kong Stock Exchange until the procedures are completed.

---

## **INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING**

---

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures for delivery for Shares in a CCASS account is subject to there being a sufficient number of Shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Shares on the Hong Kong share register to facilitate such withdrawals.

### **Depositary Requirements**

Before the depositary delivers ADSs or permits withdrawal of Shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including completion and presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar or Cayman share registrar are closed or at any time if the depositary or we determine it advisable to do so, subject to such refusal complying with U.S. federal securities laws.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of Shares into the ADS program will be borne by the investor requesting the transfer. In particular, holders of Ordinary Shares and ADSs should note that the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Listing Rules), for each transfer of Shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US\$5.00 per 100 ADSs (or portion thereof) for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of Shares into, or withdrawal of ordinary shares from, the ADS program.

### **LANGUAGE**

If there is any inconsistency between the English version of this document and the Chinese translation of this document, the English version of this document shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English document which are not in the English language and their English translations, the names in their respective original languages shall prevail.

### **ROUNDING**

Any discrepancies in any table in this document between total and sum of amounts listed therein are due to rounding.

---

**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

---

**DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<b>Executive Directors</b>		
YE Guofu (葉國富)	No 5, Yi Yue 3 Street Bai Yun District Guangzhou, China	Chinese
LI Minxin (李敏信)	Room 303, No. 7 Building No. 2 Long Zhu Road Xin Hua Street, Huadu District Guangzhou, China	Chinese
ZHANG Saiyin (張賽音)	7C, Block 13 Phase II Donghai Garden, Xianglin Road Futian District Shenzhen, China	Chinese
<b>Independent non-executive Directors</b>		
XU Lili (徐黎黎)	Room 301, No. 266 Hunan Road Hunan Street Xuhui District Shanghai, China	Chinese
ZHU Yonghua (朱擁華)	Room 510, Building 1 Huangsi Street Dongcheng District Beijing, China	Chinese
WANG Yongping (王永平)	Room 2203, Unit 3, Block 2 Yuquanxili Second District Shijingshan District Beijing, China	Chinese

See “Directors and Senior Management” for further details.

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### PARTIES INVOLVED IN THE GLOBAL OFFERING

#### Joint Sponsors

**Merrill Lynch (Asia Pacific) Limited**

Level 55 Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong

**Haitong International Capital Limited**

Suites 3001-3006 and 3015-3016  
One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

**UBS Securities Hong Kong Limited**

52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*(in alphabetical order)*

#### Joint Global Coordinators

**Merrill Lynch (Asia Pacific) Limited**

Level 55 Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong

**Haitong International Securities Company Limited**

28/F, One International Finance Centre  
No. 1 Harbour View Street  
Hong Kong

**UBS AG Hong Kong Branch**

52/F Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*(in alphabetical order)*

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

**Joint Bookrunners and Joint Lead  
Managers**

**Merrill Lynch (Asia Pacific) Limited**  
Level 55 Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong

**Haitong International Securities Company  
Limited**  
28/F, One International Finance Centre  
No. 1 Harbour View Street  
Hong Kong

**UBS AG Hong Kong Branch**  
52/F Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**UBS Securities LLC**  
*(in relation to International Offering only)*  
1285 Avenue of the Americas  
New York  
New York 10019  
United States  
*(in alphabetical order)*

**Joint Lead Managers**

**Futu Securities International (Hong  
Kong) Limited**  
Unit C1-2, 13/F United Centre  
No. 95 Queensway  
Admiralty  
Hong Kong

**GF Securities (Hong Kong) Brokerage  
Limited**  
29-30/F Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong  
*(in alphabetical order)*

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### Legal Advisers to our Company

*As to Hong Kong and U.S. laws*

**Skadden, Arps, Slate, Meagher & Flom  
and affiliates**

42/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

*As to PRC law*

**JunHe LLP**

Suite 1301, 13/F, E Building  
G.T. Land Plaza  
No. 13 Zhujiang East Road  
Zhujiang New Town  
Tianhe District  
Guangzhou  
China

*As to Cayman Islands law*

**Maples and Calder (Hong Kong) LLP**

26/F Central Plaza  
18 Harbor Road  
Wan Chai  
Hong Kong

### Legal Advisers to the Joint Sponsors and the Underwriters

*As to Hong Kong and U.S. laws*

**Sidley Austin**

Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*As to PRC law*

**Zhong Lun Law Firm**

Level 6 & 10 & 11 & 16 & 17, Two IFC  
8 Century Avenue  
Pudong New Area  
Shanghai  
China

---

**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

---

**Reporting Accountants and  
Independent Auditor**

**KPMG**  
*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central  
Hong Kong

**Industry Consultant**

**Frost & Sullivan International Limited**  
1706, One Exchange Square  
8 Connaught Place Central  
Hong Kong

**Property Valuer**

**Jones Lang LaSalle Corporate Appraisal  
and Advisory Limited**  
Level 7, One Taikoo Place  
979 King's Road  
Hong Kong

**Receiving bank**

**Industrial and Commercial Bank of China  
(Asia) Limited**  
33/F, ICBC Tower  
3 Garden Road  
Central  
Hong Kong



---

## CORPORATE INFORMATION

---

<b>Registered Office</b>	<b>Maples Corporate Services Limited</b> PO Box 309, Uglan House Grand Cayman, KY1-1104 Cayman Islands
<b>Head Office and Principal Place of Business in China</b>	8F, M Plaza No. 109, Pazhou Avenue Haizhu District, Guangzhou 510000 Guangdong Province China
<b>Principal Place of Business in Hong Kong</b>	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
<b>Company's Website</b>	<b><u><a href="https://ir.miniso.com/">https://ir.miniso.com/</a></u></b> <i>(the information contained on this website does not form part of this document)</i>
<b>Joint Company Secretaries</b>	<b>Mr. Jingjing Zhang</b> 8F, M Plaza No. 109, Pazhou Avenue Haizhu District, Guangzhou 510000 Guangdong Province China  <b>Ms. Hoi Ting Wong</b> <i>(a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i>  31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong

---

## CORPORATE INFORMATION

---

<b>Authorized Representative(s)</b>	<b>Mr. Saiyin Zhang</b> 8F, M Plaza No. 109, Pazhou Avenue Haizhu District, Guangzhou 510000 Guangdong Province China
	<b>Ms. Hoi Ting Wong</b> 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
<b>Audit Committee</b>	Ms. Lili Xu ( <i>Chairwoman</i> ) Mr. Yonghua Zhu Mr. Yongping Wang
<b>Compensation Committee</b>	Mr. Yonghua Zhu ( <i>Chairman</i> ) Ms. Lili Xu Mr. Yongping Wang Mr. Guofu Ye
<b>Nominating and Corporate Governance Committee</b>	Mr. Yongping Wang ( <i>Chairman</i> ) Ms. Lili Xu Mr. Yonghua Zhu Mr. Guofu Ye
<b>Compliance Adviser</b>	<b>Haitong International Capital Limited</b> Suites 3001-3006 & 3015-3016 30/F, One International Finance Centre No. 1 Harbour View Street Central Hong Kong

---

## CORPORATE INFORMATION

---

**Hong Kong Share Registrar**

**Computershare Hong Kong Investor  
Services Limited**

Shop 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

**Principal Share Registrar and Transfer  
Office**

**Maples Fund Services (Cayman) Limited**

PO Box 1093  
Boundary Hall, Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

**Principal bank**

**Citibank N.A., Hong Kong Branch**

50/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

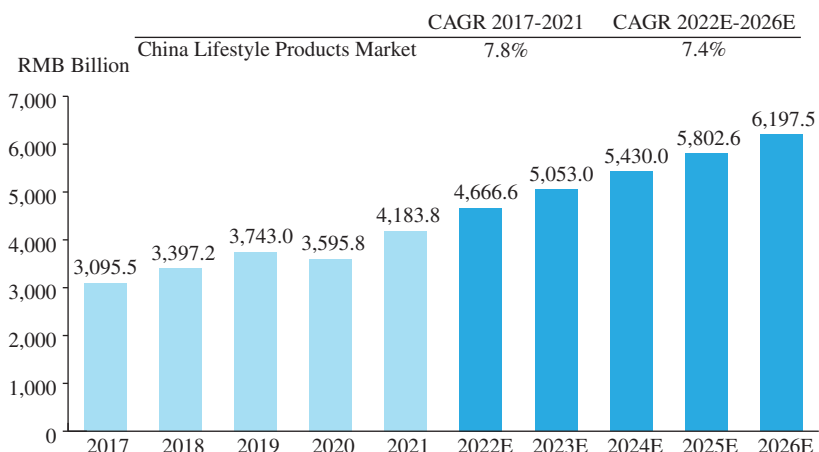
## INDUSTRY OVERVIEW

*This section contains certain information, statistics and data which are derived from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. The information from official sources has not been independently verified by us, the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

### CHINA'S LIFESTYLE PRODUCTS MARKET

Lifestyle products generally refer to various kinds of consumable household products such as personal care products, bags and accessories, small electronics, digital accessories, stationery, snacks, daily consumables, textile products, and toys, etc. According to the Frost & Sullivan Report, the size of China's lifestyle products market by aggregate GMV increased from RMB3.1 trillion in 2017 to RMB4.2 trillion in 2021, representing a CAGR of 7.8%, which outpaced the CAGR of 4.8% for China's retail market during the same period, and has been one of the fastest growing markets across all retail segments. The following chart illustrates the size of China's lifestyle products market by GMV for the years presented.

#### Market Size of Lifestyle Products Market in China by GMV (2017-2026E)



Source: Frost & Sullivan Report

According to the Frost & Sullivan Report, the lifestyle products market can be divided into three sub-markets by retailer type: (i) branded variety retail, which generally refers to a wide mix of lifestyle products distributed by retailers, who derive over 50% of their total GMV from proprietary lifestyle products; (ii) exclusive retail, which primarily focuses on one specific category of lifestyle products distributed by retailers, who derive over 50% of their total GMV from this particular product category; and (iii) groceries and other general merchandise retail, which generally refers to an extensive selection of multiple categories of lifestyle products from various brands distributed by retailers, who derive less than 50% of their total GMV from proprietary lifestyle products.

### CHINA'S AND GLOBAL BRANDED VARIETY RETAIL MARKETS

#### Branded Variety Retail Market in China

According to the Frost & Sullivan Report, branded variety retailers usually have a rich lifestyle product portfolio of appealing design, high quality, and affordability. This type of retailers realize product sales typically through multiple channels such as direct sales, franchising, distributorship, or a flexible combination of different channels. As an important part of the lifestyle products market in China, the branded variety retail market in China has been developing rapidly. As consumer consumption behaviors in China have become more rational, quality lifestyle products at affordable prices have been gaining popularity. Further, consumers in China, especially from the younger generations, are increasingly favoring products that could reflect their individual preferences. These trends present substantial market opportunities and potential for branded variety retailers. According to the Frost & Sullivan

## INDUSTRY OVERVIEW

Report, the size of the branded variety retail market in China by aggregate GMV increased from RMB71.5 billion in 2017 to RMB95.1 billion in 2021 at a CAGR of 7.4%, and is estimated to further increase at a CAGR of 14.2% from 2022 to 2026.

The following chart illustrates the size of the branded variety retail market in China by aggregate GMV for the years presented.

### Market Size of Branded Variety Retail Market in China by GMV (2017-2026E)



Source: Frost & Sullivan Report

### Competitive landscape

According to the Frost & Sullivan Report, competition in the branded variety retail market in China is fierce and fragmented with more than 1,000 players. Top five players have an aggregate market share of approximately 18.6% in terms of GMV in 2021.

In 2021, we generated GMV of RMB10.8 billion from our branded variety retail business in China and had a market share of 11.4% of the branded variety retail market in China, ranking first by GMV in the branded variety retail market in China, according to the Frost & Sullivan Report. The following chart sets forth the top five players in China branded variety retail market in terms of GMV in 2021:

### Top Five Companies by GMV in Branded Variety Retail Market (China), 2021

Ranking	Companies	GMV (RMB Billion)/Market Share %
1	Our Group	10.8 (11.4%)
2	Muji	2.7 (2.8%)
3	Sanfu	2.5 (2.6%)
4	Nome <sup>(1)</sup>	0.9 (0.9%)
5	LATTLIV	0.8 (0.8%)

<sup>(1)</sup> Nome refers to the branded variety retailer operated by Guangzhou Nome Brand Management Limited, which is unrelated to our Group.

---

## INDUSTRY OVERVIEW

---

### ***Market drivers and development trends***

According to the Frost & Sullivan Report, the branded variety retail market in China exhibits the following market drivers and development trends.

*Increasing emphasis on differentiated experience and product quality, design, value for money, and individualization.* Driven by increasing disposable income and rising living standards, Chinese consumers have developed a more diverse demand and higher expectations for a differentiated shopping experience and the quality, design, and value for money of lifestyle products. Branded variety retailers in China have therefore kept up with market trends and evolving consumer preferences and improved rapidly in terms of the shopping experience they offer and their products in the aforementioned aspects. In particular, branded variety retailers in China have finetuned and expanded their product portfolio to accommodate the individual tastes and preferences that have been increasingly important to Chinese consumers, especially from the younger generations.

*Penetration into lower-tier cities.* Branded variety retailers in China have been accelerating penetration into lower-tier cities to cater to increasing consumer demand and to reach markets with great growth potential. To support such market penetration and raise brand awareness in a cost-effective manner, these branded variety retailers have leveraged multiple business models such as direct sales, franchising, and distributorship. The branded variety retailers generally have advantages over and can outcompete the mom-and-pop shops and other smaller local retailers due to their established brand, abundant financial resources and supply chain and product sourcing capabilities, and substantial experience and know-how accumulated from existing operations.

*Intelligent product development and efficient supply chain supported by technology utilization.* With the continuous upgrade and widening usage of technologies, the branded variety retail industry has accelerated the digital transformation process to develop products that better meet consumer demands, achieve higher operating and supply chain efficiency, and reduce costs. Data analytics technologies have helped branded variety retailers accurately gauge and capture evolving consumer tastes and demands so that the retailers can offer consumers more tailored products and shopping experience. Furthermore, technological optimization of supply chain tends to integrate and streamline various segments across the branded variety retail value chain, such as demand analysis, product design, production, warehousing and logistics, sales management, and customer service, massively enhancing the efficiency of product development, supply chain, and other parts of business operations in the process.

*Evolution and integration of online and offline channels.* Despite the rapid growth and increasing importance of online channels, offline stores still remain favored by consumers in the branded variety retail market as they provide consumers in-person shopping experience accompanied by a comfortable shopping environment and attentive services. To further cater to such consumer preference and also monetize from online channels, branded variety retailers in China have continued to develop O2O business models and establish consumer communities through digital platforms, in addition to use of third-party e-commerce platforms. Under O2O models, consumers can be directed from online channels to offline channels, and they can enjoy the convenience of online channels without forgoing the personalized experience and close interaction of offline channels. With continued technological development, online and offline channels are expected to be more connected together going forward to enable a more seamless and convenient shopping experience to consumers and drive consumer demand.

### **Global Branded Variety Retail Market**

The global branded variety retail market has grown steadily over the past two decades. According to the Frost & Sullivan Report, the size of the global branded variety retail market by aggregate GMV increased from US\$41.4 billion in 2017 to US\$41.9 billion in 2021 at a CAGR of 0.3%, and is estimated to continue to grow at an accelerated CAGR of 12.6% from 2022 to 2026. The following chart illustrates the sizes of the global branded variety retail market by aggregate GMV for the years presented.

## INDUSTRY OVERVIEW

### Market Size of Global Branded Variety Retail Market by GMV (2017-2026E)



Source: Frost & Sullivan Report

#### **Branded variety retail market in developed countries**

According to the Frost & Sullivan Report, key macroeconomic factors, including GDP growth, population, urbanization rate, are driving the development of lifestyle products market in various regions. Consumers in developed countries generally have a stable household income, well-established social welfare system, and relatively stronger spending power, which allow them to pursue higher standards of living. As a result, consumers in developed countries have a stable demand for quality lifestyle products, and brand has become a critical factor for consumers in selecting products. Consumer demand for customized product design, superior shopping experience, and reasonable prices has continued to drive the growth of the branded variety retail market in developed countries. The market of branded variety retail of lifestyle products in developed countries is relatively mature and is expected to maintain a steady growth.

The following table shows the sizes of the branded variety retail market by GMV for the years presented in the United States and Canada, two developed countries selected as examples for illustrative purposes.

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	CAGR	
											2017-2021	2022E-2026E
<i>(USD in billions)</i>												
<b>The U.S.</b>	9.9	10.7	11.6	7.5	8.8	11.5	13.0	14.4	15.9	17.4	-2.9%	10.9%
<b>Canada</b>	1.0	1.1	1.2	0.9	1.0	1.3	1.4	1.5	1.7	1.8	-0.7%	9.5%

Source: Frost & Sullivan Report

#### **Branded variety retail market in emerging countries**

The continuing growth of economy in the emerging countries has promoted consumer expenditure on affordable and high-quality lifestyle products with appealing design. The retail market of emerging countries have been gradually developing from traditional retail models to modern retail models empowered by e-commerce. The upgrade of consumption structure, the integration of online and offline channels, and the improvement in shopping experience will drive the growth of branded variety retail market in emerging countries in the future.



## INDUSTRY OVERVIEW

The following table shows the sizes of the branded variety retail market by GMV for the years presented in India, Indonesia, and Mexico, three emerging countries selected as examples for illustrative purposes.

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	CAGR	
											2017-2021	2022E-2026E
	<i>(USD in billions)</i>											
<b>India</b>	1.9	2.3	2.7	1.8	2.3	2.8	3.3	3.8	4.3	4.8	4.9%	14.4%
<b>Indonesia</b>	1.1	1.3	1.5	1.0	1.2	1.6	1.8	2.1	2.4	2.7	2.2%	14.0%
<b>Mexico</b>	1.6	1.8	2.1	1.4	1.8	2.2	2.5	2.8	3.2	3.6	3.0%	13.1%

Source: Frost & Sullivan Report

### **Market drivers and development trends**

According to the Frost & Sullivan Report, the global branded variety retail market exhibits the following market drivers and development trends.

*Rising customer demands, affordability and individualization.* The continuous development of the global economy and the rising living standards prompt the global customers in both developed and emerging countries for higher expectations towards lifestyle products beyond their basic usage. Customers began to focus more on the quality, design, affordability and individualization of lifestyle products so as to satisfy their diversified demands. In developed countries such as the U.S., the branded variety retail market is relatively mature and is expected to maintain a steady growth. Relatively stable household income and well-established social welfare system allow the residents in those markets to have strong spending power and higher standards of living. Their demand for customized product design, relaxing and treasure-hunting shopping experience, which brings consumers delightful surprise and reasonable prices, will continue to drive the growth of global branded variety market. In the emerging countries, the increasing urbanization rate has promoted the growing demand for lifestyle products, and consumption behaviors of urban populations and retail models in these emerging countries are also evolving. Consumers tend to focus more on the quality and value of the lifestyle products. By constantly aligning with the evolving customer preferences worldwide, branded variety retailers could maintain the trendiness and innovation of the lifestyle products, which further stimulates the increase the global market size of the branded variety retail.

*Increasing focus on supply chain efficiency.* In order to cooperate with downstream and upstream business partners more efficiently and realize a rapid response to changing customer preferences, branded variety retailers around the world have continuously optimized supply chain management through technologies. For example, by adopting more advanced technological approaches, branded variety retailers can gain timely access to operational data, changes of customer demands, warehousing details, etc., which is instrumental for maintaining their market competitiveness. Meanwhile, branded variety retailers around the world may further work with industry stakeholders across the value chain to explore innovative cooperation models and better operational management. Attributed to the well-established supply chain management system and highly efficient operational mechanism, branded variety retailers are aggressively exploring markets overseas and establishing a broader global network.

*Rising brand awareness.* Brand has become a critical factor for consumers to consider in selecting a branded variety retailer. With the increasing brand awareness, consumers are inclined to trust and choose reputable branded variety retailers with strong brand image, high product quality, continued consumer engagement, international business coverage, and wide sales network. Brands with appealing design and continued consumer engagement initiatives will enhance their customer base and loyalty, increase brand stickiness and attract repeated purchases. Furthermore, influential brands could enable branded variety retailers to work with stronger business partners across the supply chain with stronger bargaining power. Hence, the global branded variety industry is expected to grow continuously as branded variety retailers around the world strengthen their brand building initiatives and further deepen customer recognition.

---

## INDUSTRY OVERVIEW

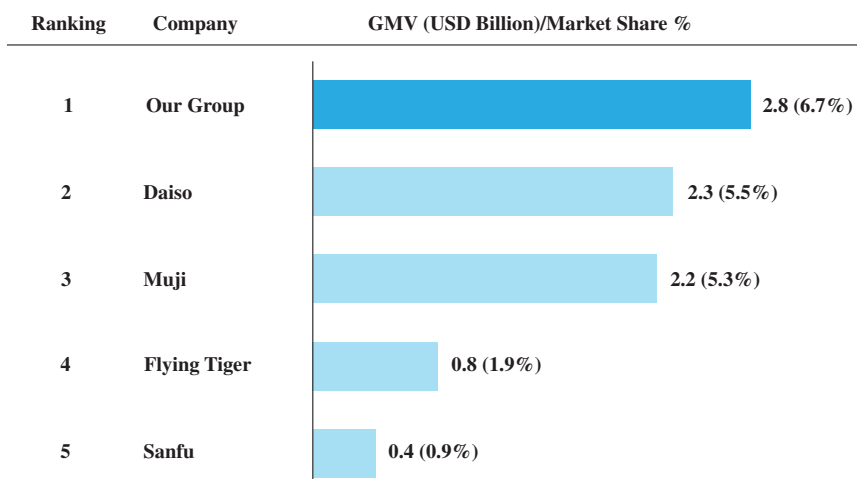
---

### *Competitive landscape*

According to the Frost & Sullivan Report, competition in the global branded variety retail market is fierce and fragmented. Top five players have an aggregate market share of approximately 20.3% in terms of GMV in 2021.

In 2021, we generated GMV of approximately RMB18.0 billion (US\$2.8 billion) from our branded variety retail business globally and had a market share of 6.7% of the global branded variety retail market, ranking first by GMV in the global branded variety retail market according to the Frost & Sullivan Report. The following chart sets forth the top five players in global branded variety retail market in terms of GMV in 2021:

#### **Top Five Companies by GMV in Branded Variety Retail Market (Global), 2021**



### **Entry Barriers of Branded Variety Retail Market**

According to the Frost & Sullivan Report, newcomers must overcome the following barriers before they can enter into the global and China's branded variety retail markets.

*Product design and merchandise selection capabilities.* Leading branded variety retailers typically make their product design tailored to evolving consumer tastes and preferences and strive to optimize and automate their merchandise selection process. In addition, consumers are increasingly demanding frequent rollouts of innovative or trendy products from branded variety retailers, which, together with the aforementioned technology and data applications, requires significant resources on the product design, production, and data analytics capabilities from aspiring market entrants. To meet such demand, many branded variety retailers have established close collaboration with famous designers and popular IPs to add variety and creativity to their product design and support the frequent refresh and launch of innovative, trendy, feasible, and appealing products. These collaborations may not be easy to initiate for new market entrants without established industry relationships.

*Strong supply chain and operational capabilities backed by digitalization.* Branded variety retailers are typically required to effectively and efficiently manage their operations and supply chains to support frequent rollouts of a large volume of a variety of products, which often requires a high degree of supply chain integration and operational efficiency achievable through digitalization. An established, integrated and digitalized supply chain allows branded variety retailers to coordinate effectively with each participant in the supply chain, and accurately and flexibly adjust its supply chain strategies. Further, branded variety retailers usually need to leverage digitalization and data analytics to provide an excellent consumer experience through multiple online and offline channels, effectively manage store-level operations, and oversee and control other parts of their operations on a real-time basis. However, it is normally difficult for new market entrants to build an established supply chain, achieve operational efficiency, and digitalization deployment in their early development stage, as they typically lack the required capital investment, stable partnership with suppliers, and professional operation teams.

---

## INDUSTRY OVERVIEW

---

*Multi-channel sales network and customer engagement.* As a consequence of the impact of COVID-19 on offline stores, branded variety retailers have been increasingly looking to establish or leverage online sales channels to supplement their offline store network, such as O2O and e-commerce platforms. In addition, many branded variety retailers have also created multiple means of marketing and sustained customer engagement in order to enhance customer conversion and retention, and to promote their brand. These means may include membership programs, store-based multi-channel communities, and promotion through livestreams or videos featuring KOLs or celebrities. It will take aspiring market entrants a lot of time and resources to form the many channels of sales and customer engagement of established market players.

*Brand awareness and trust.* With increasing consumer demand for product quality, design, and customer services, consumers are increasingly trusting and relying on brand when making purchase decisions. Leading branded variety retailers have developed strong brand awareness and good reputation. Some branded variety retailers have also actively made co-branding collaborations with influential brands to enhance their brand value. Generally, to build their brand, companies in the industry need to go through a long period of precipitation of word of mouth, accumulation of consumer recognition, and strict market test of their products and services. New entrants are often unable to establish a competitive brand image in a short time.

### **Threats and Challenges of the Branded Variety Retail Market in China and Globally**

The threats and challenges of the branded variety retail market in China and globally include but are not limited to the following:

#### ***Brand awareness and credibility***

How to build the credibility of emerging brands to compete with established retail brands is a challenge for branded variety retailers. Leading branded variety retailers establish their own brand image and stand out of the peers through differentiated and targeted brand positioning to improve consumers' loyalty for the brand.

#### ***Product development and innovation***

Products of branded variety retailers cover a wide range of retail product sectors and could be replaced by other traditional retail market players. Ability to continuously expand into innovative, distinctive and diverse product matrix is key to increase customer demand and loyalty.

#### ***Product quality control***

Quality control is one of the key priorities in developing a reputable brand in the branded variety retail industry, especially for retailers adopting OEM/ODM business model or those not directly involved in the product production process. Established, consistent and stringent quality control procedures are the keys to consumers purchase decision due to the concerns over product quality especially around emerging brands and OEM/ODM suppliers.

#### ***External uncertainties***

External uncertainties beyond control, such as economic downturn and the ongoing COVID-19 pandemic, may affect the level of consumer demand and discretionary spending on merchandise that branded variety retailers offer. Reduced demand also may require increased selling and promotional expenses, which has great negative impact on the branded variety retail market.

### **Impact of COVID-19**

Both the global and China's branded variety retail markets were adversely impacted by COVID-19 due to store shutdowns or limited operations that affected store traffic and daily sales. Given the different measures implemented by the local governments, the branded variety retail industries in the rest of the world suffered different degrees of negative impact during the pandemic. However, thanks to the effective measures taken by local governments and

## INDUSTRY OVERVIEW

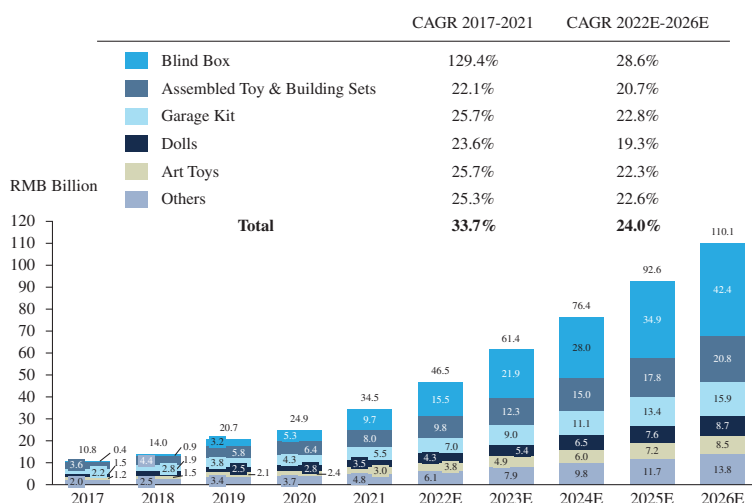
resumption of most business activities, 2021 saw signs of recovery for both the global and China's branded variety retail markets, with leading branded variety retailers introducing new channels and product categories.

### POP TOY MARKET IN CHINA

According to the Frost & Sullivan Report, pop toys refer to the toys that are infused with pop culture content featuring distinct designs and aesthetic sensibility, or licensed content featuring movie, animation, cartoon, or game characters, over a wide variety of product categories, including blind box, art toy, garage kit, dolls, and assembled toy and building sets.

The pop toy market in China has grown rapidly in the last five years. The size of the pop toy market in China by aggregate GMV increased from RMB10.8 billion in 2017 to RMB34.5 billion in 2021 at a CAGR of 33.7%, and is estimated to grow at a CAGR of 24.0% from 2022 to 2026. The following chart illustrates the sizes of the pop toy market in China and its product segments by GMV for the years presented.

**Market Size of Pop Toy Market in China by GMV (2017-2026E)**



Source: Frost & Sullivan Report

### Market Drivers

According to the Frost & Sullivan Report, the pop toy market in China is driven by the following factors.

*Active, diversified, and growing fan base.* The major driving force behind the rapid growth of the pop toy industry in China is its dedicated, active, and diversified fan base, much of which comes from the Gen Z (those born between the mid-to-late 1990s and the early 2010s) and millennial (those born between the early 1980s and the mid-1990s to early 2000s) age group. These fans are increasingly looking for ways to express their affinity for and engage with their favorite pop culture content. A continuous expansion of innovative products, categories and pop culture features have helped expand the fan base across different age groups and genders. Over time, many occasional pop toy consumers have become frequent purchasers due to sustained exposure to and discussion of pop culture content. To better satisfy fan demand for more pop culture content engagement through pop toy products, pop toy industry players have organized offline activities such as pop toy tradeshows and exhibitions in recent years, and it is expected that more pop toys events and exhibitions will emerge in the future with increasing popularity.

*Varied sales and customer engagement channels.* While offline stores still remain indispensable for their in-person and interactive shopping experience, online and especially social network-based channels and platforms have taken off as to be supplementary to offline stores, creating a convenient and unique shopping experience for consumers especially after the COVID-19 pandemic. Online channels such as O2O and e-commerce platforms allow pop

---

## INDUSTRY OVERVIEW

---

toy store operators to showcase and advertise their products to a wider group of consumers, while also serving as additional sources of customers and revenue. Furthermore, consumers are increasingly seeking more ways to express their passion for and connect to their favorite pop culture content. Facilitated by technologies, pop toy buyers can share latest product information and industry news over the internet while more and more industry participants are using social network platforms to retain loyal customers and attract new customers and to obtain first-hand information about consumer preferences and demands from their own social platforms.

*Diversified products.* While the blind box segment of the pop toy market in China has occupied the greatest market share and grown at the highest speed compared to the other segments since 2017, according to the Frost & Sullivan Report, various other pop toy categories have been introduced into the market to cater to evolving customer demands, and are expected to grow rapidly in the future. The continued creation of more diversified pop toy product lines to satisfy any unmet or underserved consumer demand will continue to drive the growth of the pop toy market in China going forward.

*Increasing importance of co-branding and IP incubation.* Driven by booming market demand, there has been increasing popularity of pop toys in China, and leading brands have begun to release their pop toys based on popular IPs to capture the increasing market demand. With the growing significance of IPs and the higher sourcing costs associated with IP development or licensing, pop toy retailers with in-house IP incubation capabilities are more likely to stand out in the fierce competition with pop toys based on their own IPs and retain higher customer loyalty.

### Competitive Landscape

According to the Frost & Sullivan Report, the pop toy market in China is at the growth phase in the industry life cycle and has low concentration in terms of market share.

In 2021, we generated GMV of RMB374.4 million from our pop toy business in China and had a market share of 1.1% of the pop toy market in China, ranking seventh by GMV in the pop toy market among players in China according to the Frost & Sullivan Report.

#### Top Ten Companies by GMV in Pop Toy Market (China), 2021

Ranking	Company	GMV (RMB Billion)/Market Share %
1	Pop Mart	4.7 (13.6%)
2	LEGO	2.6 (7.5%)
3	Hot Toys	0.9 (2.6%)
4	Bandai	0.5 (1.4%)
5	Hasbro	0.5 (1.3%)
6	Funko	0.4 (1.1%)
7	TOP TOY	0.4 (1.1%)
8	Rastar	0.3 (0.9%)
9	X11	0.2 (0.5%)
10	19八3	0.2 (0.4%)

Source: Frost & Sullivan

### COMPETITOR PROFILES

- (1) Muji, headquartered in Tokyo, Japan, is a listed company founded in 1980. It is primarily engaged in the sales of all kinds of high-quality and simple design goods such as household goods, kitchen utensil, stationery, etc.

---

## INDUSTRY OVERVIEW

---

- (2) Sanfu, headquartered in Fuzhou, China, is a private company founded in 1994. It is primarily engaged in the sales of household goods, cosmetics, fashion, accessories, stationery, small electronics, etc.
- (3) Nome, headquartered in Guangzhou, China, is a private company founded in 2017 and operated by Guangzhou Nome Brand Management Limited. It is primarily engaged in the sales of home living products, cosmetics, clothing, shoes, etc.
- (4) LATTIV, headquartered in Guangzhou, China, is a private company founded in 2014. It is primarily engaged in the sales of household products, fashion accessories, beauty, bags, stationery, etc.
- (5) Daiso, headquartered in Kagawa, Japan, is a private company founded in 1977. It is a Japanese dollar store and is primarily engaged in the sales of cosmetics, accessories, stationery, electronics, household goods, etc.
- (6) Flying Tiger, headquartered in Copenhagen, Denmark, is a private company founded in 1995. It is primarily engaged in the sales of household goods, kitchen utensil, fashion, stationery, toys, electronics, stationery, etc.
- (7) Pop Mart, headquartered in Beijing, China, is a listed company founded in 2010. It is an industry-leading pop culture and art toy company. Its business mainly focuses on global artist development, IP operation, consumer access, pop toy culture promotion, etc.
- (8) LEGO, headquartered in Billund, Denmark, is a private company founded in 1932. It is famous for its iconic brick and is one of the world's leading manufacturers of play materials.
- (9) Hot Toys, headquartered in Hong Kong, China, is a private company founded in 2000. It is primarily engaged in the sales of dolls, art toys, etc.
- (10) Bandai, headquartered in Tokyo, Japan, is a private company founded in 1950. It is primarily engaged in the sales of garage kits, art toys, etc.
- (11) Hasbro, headquartered in Pawtucket, Rhode Island, U.S., is a listed company founded in 1923. It is primarily engaged in the sales of toys, puzzles, board games, etc.
- (12) Funko, headquartered in Everett, Washington, U.S., is a listed company founded in 1998. It is primarily engaged in the sales of dolls, art toys, garage kits, etc.
- (13) Rastar, headquartered in Shenzhen, China, is a listed company founded in 2000. It is primarily engaged in the sales of assembled toy & building sets, art toys, garage kits, etc.
- (14) X11, headquartered in Guangzhou, China, is a private company founded in 2020. It is a global pop toy specialty retail brand and is primarily engaged in the sales of blind box, art toys, dolls, etc.
- (15) 19八3, headquartered in Fujian, China, is a private company founded in 2010. It is a multi-channel IP platform operator integrating pop toy retail, artist development, IP operation, etc.

### REPORT COMMISSIONED BY FROST & SULLIVAN

We commissioned Frost & Sullivan to conduct a detailed research and analysis of the global and Chinese branded variety retail industries and China's pop toy industry in which we operate. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to pay a fee of US\$90,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We are of the view



---

## INDUSTRY OVERVIEW

---

that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. The commissioned report was prepared by Frost & Sullivan independent of the influence of the Company and other interested parties. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industry in which we operate. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

Frost & Sullivan prepared its report based on its in-house database, independent third party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insights into the global and Chinese branded variety retail industries and China’s pop toy industry where we operate. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. The Frost & Sullivan Report was compiled based on the following assumptions: (1) the overall social, economic, and political environment of the world and in China is likely to remain stable during the forecast period; and (2) relevant industry key drivers are likely to drive the continued growth of the global and Chinese branded variety retail industries and China’s pop toy industry throughout the forecast period. For the avoidance of doubt, impacts of the COVID-19 outbreak have been taken into account when compiling information in the Frost & Sullivan Report.



---

## REGULATIONS

---

This section sets out a summary of the most significant aspects of laws and regulations in the PRC and Hong Kong that are material to our business operations.

### PRC

#### **Regulations Relating to Foreign Investment**

The establishment, operation and management of our PRC companies are governed by the PRC Company Law (《中華人民共和國公司法》), as most recently amended in 2018, which applies to all PRC companies including foreign-invested companies, except where foreign-investment related laws provide otherwise.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law (《中華人民共和國外商投資法》), which sets out the regulatory framework for foreign investments and pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively, the “foreign investors”) shall not invest in any sector prohibited as specified in the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of treating domestic investments and foreign investments equally. It, together with its implementation rules, also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system where foreign investors or foreign-funded enterprises shall submit investment information to the competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

The Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), which was promulgated on December 30, 2019 and came into effect on January 1, 2020, sets out the details of the foreign investment information report system. Beginning January 1, 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with these measures.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) promulgated on December 27, 2021, our business does not fall under such categories where foreign investment is restricted or prohibited.

#### **Regulations Relating to Our Industry and Products**

##### *Regulations Relating to Commercial Franchising*

Pursuant to the Regulations on the Administration of Commercial Franchising (《商業特許經營管理條例》), or the Franchising Regulations, which took effect on May 1, 2007, commercial franchising refers to business activities where a franchisor, being an enterprise

---

## REGULATIONS

---

possessing registered trademarks, corporate logos, patents, proprietary technology, or other business resources, licenses through contracts its business resources to the franchisees, being other business operators, and the franchisees carry out business operations under a uniform business model and pay franchising fees to the franchisor pursuant to the contracts. The Franchising Regulations sets forth the prerequisite requirements for the franchisors, including the possession of a mature business model, the capability to provide business guidance, technical support, and business training to the franchisees, and the ownership of at least two direct stores which shall have been in operation for at least one year in China. It also sets forth the requirements governing the franchise agreements. For example, the franchisors and franchisees are required to enter into franchising agreements containing certain required terms, and the franchise term thereunder shall be no less than three years unless otherwise agreed by the franchisee.

Pursuant to the Administrative Measures on the Filing of the Commercial Franchise (《商業特許經營備案管理辦法》), which took effect on February 1, 2012, and the Franchising Regulations, within 15 days after executing the first franchise agreement, the franchisor shall file with the MOFCOM or its local counterparts for record, and if there occurs any change to the franchisor's business registration, business resources, and the franchisee store network throughout China, the franchisor shall apply to MOFCOM for alteration within 30 days after the occurrence of such change. Furthermore, within the first quarter of each year, the franchisor shall report the execution, revocation, termination, and renewal of the franchise agreements occurring in the previous year to MOFCOM or its local counterparts.

Furthermore, the franchisor is required to implement information disclosure system. The Administrative Measures on the Information Disclosure of Commercial Franchising (《商業特許經營信息披露管理辦法》), which took effect on April 1, 2012, provides a list of information that the franchisor shall disclose to franchisees in writing at least 30 days prior to the conclusion of the franchising agreements, except such agreements are renewed under the original terms.

### ***Regulations Relating to Product Quality and Consumers Protection***

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which took effect on September 1, 1993 and was last amended on December 29, 2018, products for sale must satisfy relevant safety standards and sellers shall adopt measures to maintain the quality of products for sale. Sellers shall not mix impurities or imitations into products, or pass counterfeit goods off as genuine ones, or defective products as good ones or substandard products as standard ones. For sellers, any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities and administrative penalties, such as compensation for damages, fines, confiscation of products illegally manufactured or sold and the proceeds from the sales of such products illegally manufactured or sold, and even revoking business licenses; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities. Consumers or victims who suffer injuries or

---

## REGULATIONS

---

property losses due to product defects may demand compensation from either the producer or the seller. Where the liability lies with the producer, the seller shall, after settling the claim, have the right to recover such claim from the producer, and vice versa.

According to the Consumers Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》), or the Consumers Rights and Interests Protection Law, which took effect on January 1, 1994 and was last amended on October 25, 2013, business operators should guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Where business operators have discovered any defect in the goods or services they provided, which may endanger personal or property safety, they shall forthwith report to relevant administrative authorities and notify consumers, and adopt measures such as suspension of selling, alerts, recalls, decontamination, destruction, and suspension of manufacturing or services. In the case where recall measures are adopted, the business operator shall bear necessary expenses incurred by consumers resulting from the recall of goods. Violations of the Consumers Rights and Interests Protection Law may result in a warning, the confiscation of illegal income, and the imposition of fines. In addition, the relevant business operator will be ordered to suspend its operations, have its business license revoked and criminal liability incurred in serious cases.

### ***Regulations Relating to Food Sales***

According to the Food Safety Law of the PRC (《中華人民共和國食品安全法》), which was effective on June 1, 2009 and last amended on April 29, 2021, the PRC government implements a licensing system for food manufacturing and food business operations. Whoever engages in food production or sale or catering services shall obtain a permit in accordance with the law. However, a permit is not required for the sale of edible agricultural products and prepacked food. The sale of prepacked food shall be reported to the local food safety regulatory department.

### ***Regulations Relating to Cosmetics Sales***

The Cosmetics Supervision and Administration Regulation (《化妝品監督管理條例》) promulgated by the State Council, as effective on January 1, 2021, requires that cosmetics operators shall establish and implement the inspection and recording system for the purchased goods to verify the market entity registration certificates, cosmetics registration or record-filing status and the ex-factory inspection conformity certificates of the suppliers, as well as truthfully record and keep the relevant vouchers.

### ***Regulations Relating to Medical Devices Sales***

Pursuant to the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), as effective on April 1, 2000 and last amended on February 9, 2021, and the Measures for the Supervision and Administration of the Operation of Medical Devices (《醫療器械經營監督管理辦法》), as effective on October 1, 2014 and last amended

---

## REGULATIONS

---

on March 10, 2022, medical devices are administered by categorization according to their risk levels, no license or filing is required for the sale of Class I medical devices, filing is required for the sale of Class II medical devices, and a license is required for the sale of Class III medical devices. A purchase inspection recording system for the medical devices is required for purchased medical devices operators, and a recording system for sale is required for wholesalers of Class II and Class III medical devices and retailers of Class III medical devices also.

### *Regulations Relating to Sales of Our Products*

According to the Anti-unfair Competition Law (《反不正當競爭法》) promulgated on September 2, 1993 and last amended on April 23, 2019, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognized business ethics. Unfair competition refers to a business operator, in violation of the Anti-unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. A business operator in violation of the Anti-unfair Competition Law may be subject to civil liability and administrative penalties. A business operator whose legitimate rights and interests are damaged by any act of unfair competition may file a lawsuit.

According to the Advertising Law of the PRC (《中華人民共和國廣告法》), which was promulgated on October 27, 1994 and last amended on April 29, 2021, advertisement shall be expressed in a true, legitimate, healthy manner, and shall not contain false or misleading content, or defraud or mislead consumers. The Advertising Law of the PRC forbids the usage of certain words or phrases in advertisements, such as “national,” “supreme,” or “best” and provides a more detailed definition of “false advertisement”. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, honesty and fair competition when carrying out advertising activities.

According to the E-Commerce Law (《電子商務法》) promulgated on August 31, 2018, e-commerce operators include operators of e-commerce platforms, business operators on e-commerce platforms, and other e-commerce operators that sell commodities or offer services on websites they develop themselves or through other network services. Unless otherwise provided, e-commerce operators shall complete the market entity registration. Commodities sold or services offered by e-commerce operators shall meet the requirements to safeguard personal safety and property security and the requirements on environmental protection, and they shall not supply or offer any commodity or service prohibited by laws and administrative regulations. An e-commerce operator shall also: (i) continuously display and update its business license information and administrative license or relevant information which indicates that it does not need to complete the market entity registration in a prominent position on its homepage or provide the link to the aforesaid information, (ii) disclose information about commodities or services in a comprehensive, truthful, accurate and timely manner so as to safeguard the consumers’ right to know and right of choice, and (iii) deliver commodities or

---

## REGULATIONS

---

services according to its promises or the ways and time limits as agreed upon with consumers, and bear the likely risks and responsibilities when commodities are in transit except when consumers choose a separate logistics service provider.

### ***Regulations Relating to Product Sales Through Live Streaming Platforms***

According to the Measures for the Administration of Live Streaming Marketing (for trial implementation) (《網絡直播營銷管理辦法(試行)》) promulgated on April 16, 2021 and Opinions on Further Regulating For-profit Activities of Live Streaming to Promote the Healthy Development of the Industry (《關於進一步規範網絡直播營利行為促進行業健康發展的意見》) promulgated on March 25, 2022, the live streaming marketing platform and live streaming service agency shall perform the tax withholding obligation in accordance with the law. The Notice of the General Office of the National Radio and Television Administration on Further Strengthening the Management of Cultural and Artistic Programs and Their Personnel (《國家廣播電視總局辦公廳關於進一步加強文藝節目及其人員管理的通知》), which was issued on September 2, 2021, calls for the resolute rejection of illegal and unethical personnel and vulgar influencers. As advised by our PRC Legal Adviser, it applies to the radio and television broadcasters and network audio-visual platforms. Therefore, we do not think the regulations will have any material adverse impact on our business.

### ***Regulations Relating to Fire Prevention***

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was promulgated on April 29, 1998 and last amended on April 29, 2021, the constructor or user entity shall be subject to fire protection inspection before a public gathering place is put into use or opens for business. Any construction illegally putting into use or operating a public gathering place without being permitted by the fire and rescue department or without conforming to the use and operation conditions as the constructor or user undertakes upon inspection, may be ordered to stop construction, stop use, stop production or business operation, and be imposed a fine ranging from RMB30,000 to RMB300,000.

### ***Regulations Relating to Data, Cyber and Information Security***

On May 28, 2020, the National People's Congress issued the PRC Civil Code (《中華人民共和國民法典》), which took effect on January 1, 2021. In accordance with the PRC Civil Code, natural person's personal information shall be protected by law, and the processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cyber Security Law (《網絡安全法》), which became effective on June 1, 2017. In accordance with the Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard cyber security in conducting business and providing services. For the construction and operation of the network or the provision of services through the network, technical and other necessary measures shall

---

## REGULATIONS

---

be taken as required by law and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect personal information irrelevant to their services. In the event of any unauthorized disclosure, damage or loss of collected personal information, network operators shall take immediate remedial measures, notify the affected users and report the incidents to the relevant authorities in a timely manner.

The PRC Data Security Law (《中華人民共和國數據安全法》) was released by the National People's Congress Standing Committee on June 10, 2021 and became effective on September 1, 2021. The PRC Data Security Law stipulates the measures to support and promote data security and development, to establish and optimize the national data security management system, and to clarify organizations' and individuals' responsibilities in data security. According to the PRC Data Security Law, data processing activities shall be carried out in accordance with PRC laws and regulations, establishing and improving the data security management system of the whole process, organizing and carrying out data security education and training, and taking corresponding technical measures and other necessary measures to safeguard data security. Where data processing activities are carried out through the Internet and other information networks, the above-mentioned data security protection obligations shall be fulfilled on the basis of the hierarchical network security protection system. In carrying out data processing activities, risk monitoring shall be strengthened, and remedial measures shall be taken immediately when data security defects, loopholes and other risks are found. In the event of a data security incident, the processors of data shall take immediate measures to deal with it, inform the user in time and report to the competent authorities in accordance with relevant provisions. Any organization or individual carrying out data processing activities that violates the PRC Data Security Law shall bear the corresponding civil, administrative or criminal liability depending on the specific circumstances.

The Personal Information Protection Law (《個人信息保護法》, the "PIPL") was released by the National People's Congress Standing Committee on August 20, 2021 and became effective on November 1, 2021. The PIPL stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for providing personal information to overseas recipients, and clarifies the individual's rights and the processor's obligations in the process of personal information processing. The PIPL applies to (i) the processing within the territory of the PRC of natural persons' personal information; or (ii) the processing outside the territory of the PRC over personal information of natural persons within the PRC, provided that such information is processed (a) for the purpose of providing products or services to domestic natural persons, (b) to analyze or assess the conduct of domestic natural persons, or (c) under any other circumstances as prescribed by laws and administrative regulations. The PIPL requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information



---

## REGULATIONS

---

should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transmission, and security.

On December 28, 2021, the CAC, together with other relevant departments, jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective from February 15, 2022. According to the Cybersecurity Review Measures, a network platform operator who possesses personal information of more than one million users shall apply for cybersecurity review before the listing of the network platform operator's securities abroad, and the relevant governmental authorities may initiate cybersecurity review if such governmental authorities consider relevant network products or services and data processing affect or may affect national security. We do not think listing in Hong Kong is listing abroad.

On November 14, 2021, the CAC released the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (“**Draft Regulations**”), which stipulates that a data processor who processes personal information of more than one million users seeking to list abroad or a data processor seeking to list in Hong Kong which affects or may affect national security is required to apply for cybersecurity review under relevant rules and regulations. However, the Draft Regulations do not provide the standard to determine the circumstances that would be determined to “affect or may affect national security.” As of the Latest Practicable Date, it had not been formally adopted and is subject to further guidance.

### *Regulations Relating to Intellectual Property*

#### *Patent*

Patents in the PRC are principally protected under the PRC Patent Law (《中華人民共和國專利法》), which was promulgated in 1984 and was last amended in 2020. The duration of a patent right for inventions, utility models and designs shall be 20 years, 10 years and 15 years, respectively, all commencing from the application date.

#### *Copyright*

The Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on September 7, 1990 and last amended on November 11, 2020, specifies that works of Chinese citizens, legal persons or other organizations, namely ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, whether published or not, shall enjoy the copyright. The copyright holder can enjoy multiple rights, including the right of publication, the right of authorship, and the right of reproduction.



---

## REGULATIONS

---

### *Trademark*

According to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated on August 23, 1982 and last amended on April 23, 2019, registered trademarks are trademarks approved and registered by the trademark bureau, including commodity trademarks, service trademarks, collective trademarks, and certification marks. A trademark registrant enjoys exclusive rights to use a registered trademark, which is protected by the law. A trademark registration applicant shall, according to the prescribed classification of goods, enter the class and designation of goods on which the trademark is to be used, and file an application for registration.

### *Domain Name*

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated on August 24, 2017, the principle of “first to file” is adopted for domain name services. The applicant for domain name registration shall provide the agency of domain name registration with true, accurate and complete information about the domain name holder’s identity for registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

### ***Regulations Relating to Employment, Social Insurance and Housing Fund***

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated in 1994 and last amended in 2018 and the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated in 2007 and amended in 2012, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

According to Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and amended on December 29, 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums, including the premiums of basic pension insurance, unemployment insurance, maternity insurance, work injury

---

## REGULATIONS

---

insurance and basic medical insurance, shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation on September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden from conducting self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the State Taxation Administration on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security fees collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, the relevant governmental body is not allowed to conduct self-collection of historical unpaid arrears from enterprises, neither is it allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last amended on March 24, 2019, employers are required to make contributions to housing provident funds for their employees. Where an employer fails to pay housing provident funds, the housing provident fund administration center may order it to make payment within a prescribed time limit. If the employer still fails to do so, the housing provident fund administration center may apply to the court for compulsory enforcement of the unpaid amount.

### ***Regulations Relating to Tax***

#### *Enterprise Income Tax*

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, which became effective on January 1, 2008 and was last amended on December 29, 2018, and its implementation rules, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises which are incorporated in the PRC or incorporated pursuant to foreign laws with their “de facto management bodies” located in the PRC are deemed a “resident enterprise” and subject to an enterprise income tax rate of 25% on their

---

## REGULATIONS

---

global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC.

### *Value-added Tax (“VAT”)*

According to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 and last amended on November 19, 2017, together with its implementation rules, entities and individuals engaged in selling goods or labor services of processing, repair or maintenance, selling services, intangible assets or immovables within the PRC or importing goods to the PRC are subject to the payment of value-added tax. Pursuant to the Notice of the Ministry of Finance of the PRC and State Taxation Administration of the PRC on Adjusting Value-Added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective on May 1, 2018, a taxpayer who was previously subject to a 17% tax rate on VAT-taxable sales activities shall have the applicable tax rate adjusted to 16%. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on April 1, 2019, for VAT-taxable sales or imported goods of a VAT general taxpayer previously subject to VAT tax rate of 16%, the tax rate shall be adjusted to 13%.

### *Regulations Relating to Transfer Pricing*

Pursuant to the EIT Law, its implementation rules, and the Implementation Regulations for Special Tax Adjustments (Trial) 《特別納稅調整實施辦法(試行)》 (the “STA Rules”) issued by the STA, transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are defined as related party transactions, which should comply with the arm’s length principle (獨立交易原則). If the related party transactions fail to comply with arm’s length principle which results in the reduction of the income or taxable income of the enterprise or its related party, the tax authority has the power to make an adjustment (特別納稅調整) following certain procedures within ten years from the tax paying year that the non-compliant related party transaction had occurred.

Pursuant to the Administration of Tax Collection of the PRC 《中華人民共和國稅收徵收管理法》 promulgated on September 4, 1992, last amended on April 24, 2015, and the Rules for the Implementation of the Law of the PRC on the Administration of Tax Collection 《中華人民共和國稅收徵收管理法實施細則》 promulgated on September 7, 2002, as amended, taxpayers have an obligation to provide the local tax authorities with information on prices, expenditure standard and others concerning business transactions with the related party. The taxpayer may propose to the competent tax authorities a pricing principle and calculation

---

## REGULATIONS

---

method for business transactions with the related party. The competent tax authorities may, after examination and approval, agree upon the items of pricing with the taxpayer in advance and supervise over the implementation.

Pursuant to the Announcement of STA on Relevant Matters relating to Improvement of the Filing of Related Party Transactions and the Management of 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》 which became effective on June 29, 2016, any resident enterprise subject to audit collection and any non-resident enterprise which has establishments or offices in the PRC and honestly reports and pays enterprise income tax shall, in filing a tax return for the annual enterprise income tax with a tax authority, make related filings with regard to its business transactions with any related party and attach thereto the annual report on the related party transactions.

STA has published an announcement on issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Consultation Procedures 《特別納稅調查調整及相互協商程序管理辦法》 which came into effect from May 1, 2017. According to this announcement, the tax authorities exercise special tax adjustment monitoring and management of enterprises through the review of the reporting of related party transactions, management of contemporaneous documentation, profit level monitoring and other means. If an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions. Further, pursuant to the tax treaties entered into by the PRC, STA may activate mutual consultation procedures either upon application by an enterprise or upon request by the competent tax authority of the contracting counterparty of a tax treaty to consult and negotiate with the latter, so as to avoid or eliminate international double taxation triggered by special tax adjustment.

### *Regulations Relating to Foreign Exchange*

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and amended from time to time, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

According to the SAFE Notice on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on a self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

---

## REGULATIONS

---

According to the SAFE Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

Pursuant to the SAFE Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“SAFE Circular 37”), promulgated by SAFE and became effective on July 4, 2014, (a) a PRC resident (“PRC Resident”) shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (“Overseas SPV”), that is directly established or indirectly controlled by the PRC Resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of the PRC resident individual shareholder of the Overseas SPV, name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV’s share capital, share transfer or share swap by PRC Resident, or merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration Policies on 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》) (“SAFE Circular 13”), which became effective on June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment is directly reviewed and handled by banks in accordance with SAFE Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

### ***Regulations Relating to Dividend Distribution***

The principal regulations governing dividends distributions by companies is the PRC Company Law. PRC companies are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

---

## REGULATIONS

---

### *Regulations Relating to Overseas Listing*

On December 24, 2021, the CSRC published the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (together, “**Draft Regulations on Listing**”), which set out the new regulatory requirements and filing procedures for Chinese companies seeking direct or indirect listing in overseas markets. The Draft Regulations on Listing, among others, provide that (i) Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with and report relevant information to the CSRC, and that an initial filing shall be submitted within three working days after the application for an initial public offering is submitted, and a second filing shall be submitted after the listing is completed, and (ii) in the event that Chinese companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies shall fulfill the filing procedures with and report relevant information to the CSRC, and such filing shall be submitted within three working days after such follow-on offering is completed. Moreover, an overseas offering and listing is prohibited if (i) it is prohibited by PRC laws, (ii) it may constitute a threat to or endanger national security as reviewed and determined by competent PRC authorities, (iii) it has material ownership disputes over equity, major assets, and core technology, (iv) in recent three years, the Chinese operating entities and their controlling shareholders and actual controllers have committed relevant prescribed criminal offenses or are currently under investigations for suspicion of criminal offenses or severe violations, (v) the directors, supervisors, or senior management have been subject to administrative punishment for severe violations, or are currently under investigations for suspicion of criminal offenses or severe violations, or (vi) it has other circumstances as prescribed by the State Council. Uncertainties exist regarding the final form of these regulations as well as the interpretation and implementation thereof after promulgation.

### **HONG KONG**

There is no specific statutory requirement for our Group to obtain any licence to carry out our business in Hong Kong other than the requirement to have a business registration certificate under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong). Our Group does not import any food, dutiable commodities under the Dutiable Commodities Ordinance (Cap. 109) or any prohibited articles under the Import and Export Ordinance (Cap. 60) in or into Hong Kong. Below is a summary of the laws and regulations in Hong Kong which are material to our Group’s business.

#### **Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)**

For our Group’s operations in Hong Kong, we are required to apply for business registration and display a valid business registration certificate at the place of business under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).



---

## REGULATIONS

---

We held valid business registration certificates throughout the Track Record Period and as at the Latest Practicable Date.

### **Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong)**

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The ordinance also sets out certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

- (a) where there is a sale of goods by description, the goods shall correspond with the description;
- (b) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances; and
- (c) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Under section 55 of the Sale of Goods Ordinance, where there is a breach of warranty by the seller, the buyer is not, by reason only of such breach of warranty, entitled to reject the goods, but he may set up against the seller the breach of warranty in diminution or extinction of the price, or maintain an action against the seller for damages for the breach of warranty.

### **Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong)**

The Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) imposes a duty on manufacturers, importers and suppliers of consumer goods (i.e. goods which are ordinarily supplied for private use or consumption) to ensure that the consumer goods they supplied are safe.

Under section 6 of the Ordinance, a person shall not supply, manufacture or import into Hong Kong consumer goods, unless the consumer goods comply with the general safety requirement as provided under the ordinance or with the applicable safety standard(s) or safety specification(s) as approved by the Secretary for Commerce and Economic Development for the particular consumer goods. A person who contravenes section 6 commits an offence and is liable to (i) on first conviction, to a level 6 fine of HK\$100,000 and imprisonment for 1 year;



---

## REGULATIONS

---

(ii) on subsequent convictions, to a fine of HK\$500,000 and to imprisonment for 2 years; and  
(iii) where the offence is a continuing offence, in addition to the fine specified in (i) and (ii), the person shall be liable to a fine of HK\$1,000 for each day the offence continued.

Where the Commissioner of Customs and Excise reasonably believes that the consumer goods is non-compliant with the approved standard or a safety standard or safety specification established by regulation, the Commissioner is empowered under the Ordinance to (i) serve a prohibition notice prohibiting a person from supplying those consumer goods for a specified period not exceeding 6 months; and (ii) serve a recall notice requiring the immediate withdrawal of any consumer goods if there is a significant risk that the consumer goods will cause a serious injury and do not comply with the approved standard or a safety standard or safety specification established by regulation. Any person who is served with a notice and fails or refuses to comply with the notice commits an offence and is liable to a fine of up to HK\$500,000 and to imprisonment for 2 years and, where the offence is a continuing offence, a fine of HK\$1,000 for each day the offence continued.

### **Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong)**

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) aims to prohibit false trade description, false, misleading or incomplete information, false marks and misstatements in respect of goods and services provided in the course of trade. The definition of trade description under section 2 of the ordinance covers a broad range of matters including but not limited to: quantity, method of manufacture, composition, fitness for purpose, availability, compliance with a standard specified or recognised by any person, price, approval by any person, a person by whom they have been acquired, the goods being of same kind as goods supplied to a person, place or date of manufacture, etc.

Section 2 also provides that a trade description which is false to a material degree or which, 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 provides that it is an offence for any person who, in the course of any trade or business, applies a false trade description to any goods or supplies or offer to supply any goods to which a false description is applied. Section 7A provides that it is an offence for a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or supplies or offers to supply to a consumer a service to which a false trade description is applied. Section 12 further prohibits any person from importing or exporting any goods to which a false trade description or forged trade mark is applied.

Sections 13E, 13F, 13G, 13H and 13I of the ordinance provide that a trader commits an offence if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission, or is aggressive, or constitutes bait advertising, or constitutes a bait and switch, or wrongly accepting payment for a product.

---

## REGULATIONS

---

Any person who commits an offence under sections 7, 7A, 13E, 13F, 13G, 13H or 13I shall be liable, on conviction on indictment, to a fine of HK\$500,000 and to imprisonment for 5 years, and on summary conviction, to a level 6 fine of HK\$100,000 and imprisonment for 2 years.

### **Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)**

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) makes provision in respect of the registration of trade marks and provides for connected matters.

The ordinance provides that a person infringes a registered trade mark if he uses in the course of trade or business a sign which is:-

- (a) identical to the registered trade mark in relation to goods or services which are identical to those for which it is registered;
- (b) identical to the registered trade mark in relation to goods or services which are similar to those for which it is registered and such use is likely to cause confusion on the part of the public;
- (c) similar to the registered trade mark in relation to goods or services which are identical to or similar to those for which it is registered and such use is likely to cause confusion on the part of the public; or
- (d) identical or similar to the registered trade mark in relation to goods or services which are not identical or similar to those for which the trademark is registered, and the trade mark is entitled to protection under the Paris Convention as a well-known trade mark, and such use, being without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of a trade mark.

The ordinance further provides that the owner of a trade mark may bring infringement proceedings against the infringer for damages, injunction, accounts or any other relief available in law.

### **Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong)**

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) stipulates that all cargo which is imported or exported shall be recorded in a manifest which shall contain such particulars as the Commissioner of Customs and Excise may prescribe.

Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) provides that every person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specified body with the Commissioner of Customs and Excise within 14 days after the importation or exportation of the article. Our Group imports products in Hong Kong. Any person who fails or neglects to declare within 14 days after importation or exportation without reasonable excuse is liable to a fine of HK\$1,000 upon summary conviction and HK\$100 in respect of every day such declaration has not been lodged. Penalty of up to HK\$200 shall also be payable for late lodgement of a declaration.

---

## REGULATIONS

---

### **Competition Ordinance (Chapter 619 of the Laws of Hong Kong)**

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) is intended to, among others, prohibit conduct that prevents, restricts or distorts competition in Hong Kong, and prohibit mergers that substantially lessen competition in Hong Kong. There are three competition rules under the Competition Ordinance, namely, the First Conduct Rule, the Second Conduct Rule and the Merger Rule.

The First Conduct Rule prohibits anti-competitive agreements if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. The Second Conduct Rule prohibits abuse of market power if the object or effect of the conduct is to prevent, restrict or distort competition in Hong Kong. The Merger Rule prohibits anti-competitive mergers and acquisitions, and currently only applies to mergers involving carrier licence holders within the meaning of the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong).

Penalties for infringement of the First Conduct Rule and the Second Conduct Rule that may be imposed by the Competition Tribunal includes pecuniary penalty that may amount to 10% of the turnover of the companies concerned for up to 3 years in which the contravention occurs (section 93), disqualification order against a director (section 101) and prohibition order (section 151A) etc. Further, pursuant to section 67 of the Competition Ordinance, if the Competition Commissioner has reasonable cause to believe that (i) a contravention of the First Conduct Rule has occurred and the contravention involves serious anti-competitive conduct; or (ii) a contravention of the Second Conduct Rule has occurred, the Commissioner may, instead of commencing proceedings, issue an infringement notice to the person against whom it proposes to bring proceedings, offering not to bring those proceedings on the condition that the person makes a commitment to comply with the requirements of the notice. Pursuant to section 68, such person is not obliged to make a commitment to comply with the requirements of the infringement notice, but if he does not make the commitment within the compliance period, the Competition Commissioner may bring proceedings against that person in the Competition Tribunal in relation to the alleged contravention of the conduct rule.

### **Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)**

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), for a company carrying on a trade, profession or business in Hong Kong, its assessable profits arising in or derived from Hong Kong shall be chargeable to profits tax.

The Inland Revenue Ordinance also provides for the obligation to do the followings:

- (a) to keep sufficient records of the company's income and expenditure to enable the assessable profit to be readily ascertained for at least 7 years;
- (b) to inform the Inland Revenue Department of its chargeability to tax;
- (c) to submit tax return as required; and
- (d) to inform the Inland Revenue Department of the commencement and cessation of employment of its employees.

---

## HISTORY AND CORPORATE STRUCTURE

---

### OVERVIEW

Our Group was founded by our Founder, Mr. Guofu Ye. We commenced our business operations in 2013 by opening the first MINISO store in Guangzhou, China and since then started our journey as a global retailer that offers a variety of design-led lifestyle products. We established Miniso Guangzhou, a wholly-owned subsidiary of our Group, our PRC holding company and one of our major operating entities in China, in October 2017. Over the years, we had built our flagship brand “MINISO” as a globally recognized retail brand and established a store network worldwide. In January 2020, we incorporated MINISO Group Holding Limited in Cayman Islands and established our current offshore holding structure. In October 2020, we completed our initial public offering and listed the ADSs on the NYSE under the symbol “MNSO”.

Our Founder, Mr. Guofu Ye, has been serving as our chairman and chief executive officer since our inception. Mr. Ye has over 12 years of experience in the branded variety retail industry. He has accumulated rich experience in trendy fashion during the period of Chinese economic transformation and seized the opportunity to improve the social quality consumption patterns, bringing a new business model in China. For details of the biography of our Founder, see “Directors and Senior Management”.

### KEY BUSINESS MILESTONES

The following is a summary of our key business development milestones since our inception in 2011:

<b>Date</b>	<b>Event</b>
2013	We commenced our business operations by establishing the first MINISO store in Guangzhou, China.
2014	Total number of MINISO stores exceeded 300.
2015	Started our globalization strategy and total number of MINISO stores exceeded 1,000.
2017	We were recognized as “One of the Top 10 Enterprises in China’s Top 100 Franchise Enterprises in 2016” (“2016中國特許百強規模前十名企業之一”) by China Chain Store & Franchise Association.
2018	Number of MINISO stores in overseas markets exceeded 1,000.
2020	We listed the ADSs on the NYSE under the symbol “MNSO.”

## HISTORY AND CORPORATE STRUCTURE

Date	Event
2020	We launched a new brand, TOP TOY, which is committed to building comprehensive shopping platforms of pop toys.
2021	Number of MINISO stores exceeded 5,000 and entered into the 100th geographical market.
2021	We were included by the Hurun Research Institute in the Hurun China 500 Most Valuable Private Companies (《胡潤中國500強民營企業》榜單) for two consecutive years from 2019 to 2020.

### OUR MAJOR SUBSIDIARIES

The following table sets forth the principal business activities, date of establishment and commencement of business of each member of our Group that made a material contribution to our results of operations as of the Latest Practicable Date:

Name of Entity	Principal Business Activities	Date and Place of Incorporation
Miniso Guangzhou	Wholesale and retail of lifestyle products in China	October 18, 2017, China
Miniso (Hengqin) Enterprise Management Co., Ltd.	Licensing the right to use our trademarks to other parties in China	December 12, 2017, China
Miniso International (Guangzhou) Co., Ltd.	International trade business	May 16, 2017, China
Miniso Youxuan Technology (Guangzhou) Co., Ltd.	E-commerce business	August 15, 2017, China
TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (formerly known as TOP TOY (Guangdong) Technology Co., Ltd.)	TOP TOY business	September 7, 2020, China
Mingyou Industrial Investment (Guangzhou) Co., Ltd.	Establishing new headquarters building	October 13, 2020, China

---

## HISTORY AND CORPORATE STRUCTURE

---

<u>Name of Entity</u>	<u>Principal Business Activities</u>	<u>Date and Place of Incorporation</u>
Miniso Development Hong Kong Limited	Overseas operations through entering into master license agreements and product sales agreements with overseas parties and entering into IP related agreements in our overseas operations	February 26, 2020, Hong Kong
Miniso Hong Kong Limited	Licensing the right to use our trademarks to overseas parties and entering into IP related agreements in our overseas operations	January 23, 2018, Hong Kong
PT. Miniso Lifestyle Trading Indonesia	Import, wholesale and distribution business	January 11, 2017, Indonesia
MIHK Management Inc.	Holding company with direct and indirect subsidiaries engaging in wholesale and retail of lifestyle products in Canada	October 17, 2018, British Columbia, Canada
USA Miniso Depot Inc.	Holding company with direct and indirect subsidiaries engaging in wholesale and retail of lifestyle products in the United States	August 12, 2016, United States
Miniso Life Style Private Limited	Import, wholesale and trading of products	June 22, 2017, India

### MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Miniso Guangzhou, our onshore holding company before the incorporation of our Cayman holding company, was established in October 2017. Immediately prior to the Series A investment in late 2018, Miniso Guangzhou was held as to 71.67%, 10.75%, 6.20% and 11.37% by Mini Investment Holding (Guangzhou) Co., Ltd. (米尼投資控股(廣州)有限公司), a company incorporated in the PRC and is owned as to 70% by Mr. Guofu Ye and 30% by Ms. Yunyun Yang, Mr. Guofu Ye, Mr. Minxin Li and the four employee share incentive platforms of the Company, respectively. Mr. Ye and Ms. Yang are spouses and make joint decisions on the exercise of the voting power of the shares owned by them.

---

## HISTORY AND CORPORATE STRUCTURE

---

Pursuant to the Series A investment agreement dated September 29, 2018, the registered capital of Miniso Guangzhou was increased from RMB139,519,253 to RMB156,328,801 after the subscriptions from HH SPR-XIV HK Holdings Limited (“**Hillhouse**”), Tencent Mobility Limited and Easy Land Limited (together, the “**Tencent**”) in the amount of RMB491.5 million, RMB350 million and RMB150 million, respectively, to acquire approximately 5.38%, 3.76% and 1.61% of the registered share capital of Miniso Guangzhou. We raised an aggregate of approximately RMB1.0 billion upon completion of the investment.

In January 2020, we incorporated MINISO Group Holding Limited in Cayman Islands and established our current offshore holding structure pursuant to a series of re-organization steps between January and February 2020.

Following the re-organization, share issuances and share transfers as stated above, Mr. Ye and Ms. Yang jointly owned 72.1% of our Company’s total issued and outstanding shares; Mr. Minxin Li, the 12 share incentive holding platforms, Hillhouse, and the Tencent owned as to 5.1%, 8.5% , 5.4% and 5.4%, respectively, of our Company’s total issued and outstanding shares, and the remaining seven minority shareholders in aggregate owned 3.5% of our Company’s total issued and outstanding shares.

Immediately prior to the completion of our initial public offering in the United States in October 2020, all of the 328,290,482 ordinary shares held by Mini Investment Limited were re-designated as 328,290,482 Class B ordinary shares on a one-for-one basis, and all of our remaining 648,344,289 ordinary shares and 117,666,836 Series A preferred shares were re-designated as a total of 766,011,125 Class A ordinary shares on a one-for-one basis. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to three votes and is convertible into one Class A Ordinary Share.

As of the Latest Practicable Date, Mr. Ye and Ms. Yang, our Controlling Shareholders, jointly held approximately 64.4% of the total issued share capital of the Company, representing approximately 76.8% of the aggregate voting power of our total issued and outstanding Shares, after taking into account the super-voting rights of the 328,290,482 Class B ordinary shares controlled by them through Mini Investment Limited, a member of our Controlling Shareholders group.

Upon Listing, our Company will unwind its weighted voting rights structure and each issued Share (including those with super-voting rights) will be converted or re-designated to one ordinary share without super-voting rights. After the re-designation, all the issued Shares of our Company will entitle their holders to one vote per Share at a general meeting of our Company. See “Share Capital” for further details. See also “–Corporate and Shareholding Structure” in this section below for further details on the beneficial interests and voting rights of our Controlling Shareholders upon the unwinding of the weighted voting rights structure immediately following the completion of the Global Offering.



---

## HISTORY AND CORPORATE STRUCTURE

---

### Acquisition of YGF Investment

In August 2020, YGF Investment V Limited (“**YGF Investment**”) was incorporated in the BVI to acquire the land use right of a parcel of land in the PRC through a PRC subsidiary of YGF Investment. YGF Investment was owned as to 20% and 80% by the Company and YGF MC Limited, a holding vehicle of our Controlling Shareholders, respectively.

In October 2021, we acquired the remaining 80% equity interest in YGF Investment for the purpose of obtaining full ownership of the parcel of land for establishing our Company’s new headquarters building. The total consideration of this transaction was RMB694.5 million. The consideration for the acquisition was determined based on the appraisal value of the equity interests confirmed by a third-party valuation firm and arm’s length negotiation among the parties and has been fully settled in cash on October 29, 2021.

### Disposals

During the period from December 2019 to April 2020, we completed the disposals of certain subsidiaries in net liabilities position or of loss-making nature that operate the NOME business, Minihome business, MINISO African business and MINISO German business, and the results of these operations are included as discontinued operations for the years ended June 30, 2019 and 2020. We disposed of such interests as their financial performance failed to meet management expectations.

MINISO African business included MINISO Nigeria, MINISO Uganda, MINISO South Africa, MINISO Tanzania and MINISO Kenya. As at the Latest Practicable Date, MINISO Uganda, MINISO South Africa, MINISO Germany and Minihome business have ceased their business operations and closed down all their stores. MINISO Kenya was disposed to an Independent Third Party distributor with a few stores in operation; and MINISO Nigeria was disposed to YGF MC Limited, a company wholly-owned by Mr. Ye. Our Company confirms that there will not be any conflict of interest and competition between us and MINISO Nigeria as Nigeria is no longer our market focus and we will not compete with any other potential distributor in that region. To the best knowledge and belief of our Directors, the subsidiaries that were disposed of did not have any material non-compliance during the Track Record Period prior to their disposals. For further details, see “Financial Information – Discontinued Operations” and note 5 to Accountants’ Report in Appendix IA to this document.

During the Track Record Period, we had not conducted any acquisitions, disposals or mergers that we consider to be material to us.

The Joint Sponsors have performed the following due diligence work regarding the potential litigation risk in relation to the NOME business: (i) held discussions with the management of the Company regarding, among others, there is no ongoing litigation or claim in relation to NOME business, and noted that there was no particular finding pointing to any potential litigation risk; (ii) reviewed the online search results of relevant NOME companies on the websites of National Enterprise Credit Information Publicity System (國家企業信用信

---

## HISTORY AND CORPORATE STRUCTURE

---

息公示系統) and the Administrative Penalties for the State Administration for Market Regulation (中國市場監管行政處罰文書網), and no administrative penalties records in relation to NOME business has been identified; (iii) reviewed relevant public filing relating to the Company's US IPO and no relevant finding has been identified regarding potential legal risk in relation to the NOME business; and (iv) engaged independent search agents to conduct background searches and litigation searches on, among others, the Company, its principal subsidiaries and other sampled subsidiaries, according to which, no ongoing litigation in relation to NOME business has been identified by the search agents.

Taking into account that (i) no material findings were identified regarding potential litigation risk thereafter in relation to the NOME business based on the various due diligence works performed above; and (ii) NOME business has been disposed since March 2020, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to cast doubt on that the Company would not be subject to any potential litigation risk in relation to the NOME business after the disposal thereof.

### **OUR INVESTORS PRIOR TO THE NYSE LISTING**

Prior to the listing of the ADSs on the NYSE in October 2020, we had received investments from Hillhouse and Tencent. The aggregate net proceeds from such investments amounted to an equivalent of approximately RMB1.0 billion. As of the Latest Practicable Date, we have utilized substantially all of the net proceeds from these investments for store network expansion, information technology and working capital purposes. The investments led to the issuance of certain preferred shares in the share capital of our Company which were converted into Class A Ordinary Shares immediately prior to the completion of our initial public offering in the United States. Further details are as set out in the sub-section headed “– Major shareholding changes of our Company” in this section.

### **Shareholders Agreement**

We entered into a shareholder agreement on February 26, 2020 with our shareholders, consisting of holders of ordinary shares and holders of Series A preferred shares. The shareholders agreement provides for certain shareholders' rights, including rights of first refusal and rights of co-sale, pre-emptive rights, redemption rights, liquidation preference, information and inspection rights, and contains provisions governing our board of directors and other corporate governance matters. These special rights, as well as the corporate governance provisions, terminated immediately after the completion of our initial public offering in the United States in October 2020.

### ***Registration Rights***

Under this shareholders agreement, we have also granted certain registration rights to the holders of our Series A preferred shares, namely, Hillhouse and Tencent. Set forth below is a description of such registration rights.

---

## HISTORY AND CORPORATE STRUCTURE

---

***Demand Registration Rights.*** If, at any time following the earlier of 180 days after the effective date of the registration statement of our initial public offering, we receive a request from holders of registrable securities holding at least 5% of the registrable securities then outstanding requesting us to effect a registration of the registrable securities under the Securities Act of such requesting shareholder's registrable securities where the anticipated gross proceeds (before the deduction of any discounts or commissions) would be at least US\$200 million, then we need to promptly give notice of such requested registration to the other shareholders and thereupon shall use our reasonable best efforts to effect, as expeditiously as possible, the registration under the Securities Act of all registrable securities for which the requesting shareholder has requested registration and all other registrable securities that other shareholders requested us to register. If the number of registrable securities requested to be included in such registration (including any securities that we proposes to be included that are not registrable securities) exceeds the largest number of shares that can be sold without having an adverse effect on such offering, the amount of securities that will actually be included in the registration will follow a priority list agreed by our shareholders and us. We are not obligated to effect more than a total of three demand registrations and in no event shall we be required to effect more than one demand registration within any six-month period. We shall pay all registration expenses in connection with each demand registration.

***Piggyback Registration Rights.*** If, at any time following 180 days after the effective date of the registration statement of our initial public offering, we propose to register any of our securities under the Securities Act, we shall at each such time give prompt notice to each holder of registrable securities at least 20 business days prior to the anticipated filing date of the registration statement relating to such registration, offering such shareholder(s) the opportunity to include in such registration statement the number of registrable securities such shareholder(s) may request. Upon the request of any such shareholder(s) made within five business days after the receipt of notice from us, we shall use our reasonable best efforts to effect the registration under the Securities Act of all registrable securities that we have been so requested to register by all such shareholders. If the number of registrable securities that we and such shareholders intend to include in such registration exceeds the largest number of shares that can be sold without having an adverse effect on such offering, the amount of securities that will actually be included in the registration will follow a priority list agreed by our shareholders and us. Holders of registrable securities may make unlimited number of requests to register registrable securities under this piggyback registration. We shall pay all registration expenses in connection with each piggyback registration.

***Termination of Registration Rights.*** The registration rights will terminate with respect to any holder of registrable securities upon the earliest of: (i) the date of the completion of a liquidation event, (ii) when all registrable securities held by that shareholder may be sold without restriction under Rule 144(k) within a 90-day period, (iii) the date that is the fifth anniversary following the completion of our initial public offering, and (iv) another date as may be mutually agreed in writing by us and that holder of registrable securities.

---

## HISTORY AND CORPORATE STRUCTURE

---

### LISTING ON THE NYSE

On October 15, 2020, we listed the ADSs on the NYSE under the symbol “MNSO.” Our initial public offering was completed on October 19, 2020. Pursuant to our initial public offering, we sold 30,400,000 ADSs, representing 121,600,000 Class A Ordinary Shares, at an offering price of US\$20.00 per ADS. In addition, the underwriters exercised their option in part to purchase an additional 2,416,187 ADSs, representing 9,664,748 Class A Ordinary Shares, at the public offering price. We raised net proceeds of a total of US\$625.3 million from our initial public offering, including the underwriters’ option, after deducting underwriting commissions and the offering expenses payable by us.

As of December 31, 2021, we have utilized approximately 18.3% of the net proceeds from our initial public offering in the United States for purchasing IT systems and renovating MINISO stores that we directly operated, investing in our new headquarters building project, investing in our warehouse and logistics network and general corporate purposes mainly sales and marketing campaigns. We still intend to use the remainder of the proceeds for purposes as disclosed in our registration statement on Form F-1 issued in connection with our initial public offering in the United States.

We invest any unutilized net proceeds in short-term, interest-bearing bank wealth management products and term deposits.

### COMPLIANCE WITH THE RULES OF THE NYSE

Our Directors confirm that since the date of our listing on the NYSE and up to the Latest Practicable Date, we had no instances of non-compliance with the rules of the NYSE in any material respects and to the best knowledge of our Directors having made all reasonable enquiries, there is no matter that should be brought to investors’ attention in relation to our compliance record on the NYSE.

### REASONS FOR THE LISTING

Our Board is of the view that the Listing and the Global Offering will present us with an opportunity to further expand our investor base and broaden our access to capital markets and provide us with the necessary funding for us to further develop our business operations as disclosed in the section headed “Business – Our Strategies” in this document. It is expected that the net proceeds from the Global Offering, after deducting the underwriting commissions and other estimated offering expenses payable by us, will amount to approximately HK\$801.5 million based on the maximum Public Offer Price of HK\$22.10 per Share for both the Hong Kong Public Offering and the International Offering, and assuming the Over-allotment Option is not exercised). Please see the section headed “Future Plans and Use of Proceeds” in this document for details of our proposed uses of the net proceeds from the Global Offering.

---

## HISTORY AND CORPORATE STRUCTURE

---

### PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that the share transfers, reorganizations, acquisitions and disposals in respect of the PRC companies in our Group as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

According to the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Adviser is of the opinion that prior CSRC approval for this offering is not required because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this document are subject to the M&A Rules and (ii) our wholly-owned PRC subsidiaries were not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company.

---

## HISTORY AND CORPORATE STRUCTURE

---

### SAFE REGISTRATION IN THE PRC

Pursuant to the SAFE Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“SAFE Circular 37”), promulgated by SAFE and became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident individual shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap by PRC residents, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration Policies on 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》) (“SAFE Circular 13”), which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Adviser, Mr. Guofu Ye, Mr. Minxin Li and Ms. Yunyun Yang, who directly and indirectly hold Shares of our Company and are known to us as being PRC citizens, have completed the process of initial registration under the SAFE Circular 37.





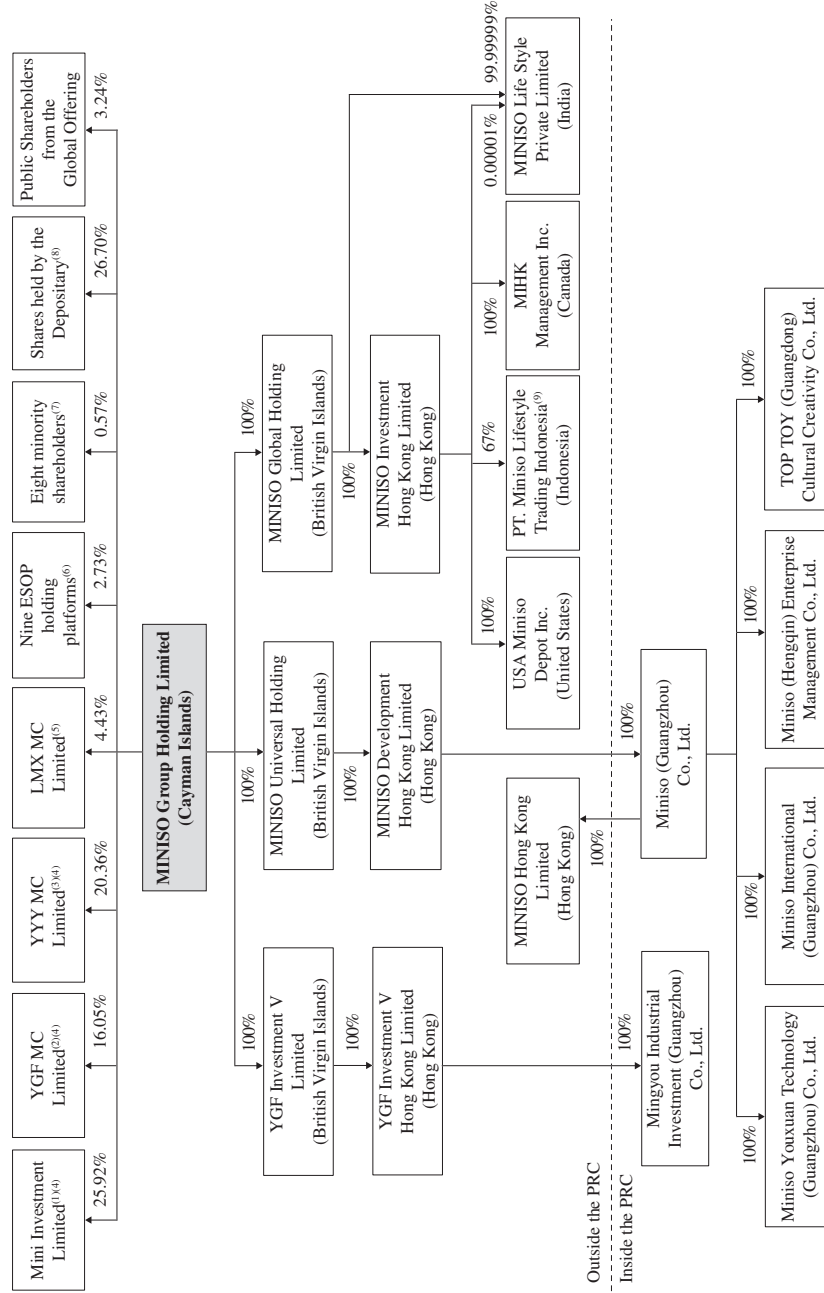
## HISTORY AND CORPORATE STRUCTURE

### Notes:

- (1) Mini Investment Limited is a limited liability company incorporated under the laws of British Virgin Islands. Mini Investment Limited is wholly owned by YGF Development Limited, a limited liability company incorporated under the laws of British Virgin Islands. All shares of YGF Development Limited are held by TMF (Cayman) Ltd. on behalf of YGF Trust, with TMF (Cayman) Ltd. as the trustee, and Mr. Ye and his family members as beneficiaries. Mr. Ye is both the settlor and the protector of YGF Trust and is deemed to be the controlling person of the YGF Trust. As of the Latest Practicable Date, Mini Investment Limited held 328,290,482 Class B ordinary shares of our Company, with each Class B ordinary shares entitle the holder to three votes in our general meeting. The total number of Class B ordinary shares held by Mini Investment Limited represent approximately 26.8% of our total issued share capital and approximately 52.3% of the aggregate voting power of our total issued and outstanding shares. Upon the Listing, we will unwind our weighted voting rights structure and each issued Share (including those with super-voting rights) will be converted or re-designated to one ordinary share that would entitle its holder to one vote at a general meeting of our Company. For further details, see the section headed “Share Capital” in this document.
- (2) Including 8,800,000 Class A ordinary shares held by YGF MC Limited in the form of ADSs. YGF MC Limited is a limited liability company incorporated under the laws of British Virgin Islands. Mr. Guofu Ye is the sole shareholder of YGF MC Limited.
- (3) YYY MC Limited is a limited liability company incorporated under the laws of British Virgin Islands. YYY MC Limited is wholly owned by YYY Development Limited, a limited liability company incorporated under the laws of British Virgin Islands. All shares of YYY Development Limited are held by TMF (Cayman) Ltd. on behalf of YYY Trust, with TMF (Cayman) Ltd. as the trustee, and Ms. Yang and her family members as beneficiaries. Ms. Yang is both the settlor and protector of YYY Trust and is deemed to be the controlling person of the YYY Trust.
- (4) Mr. Ye and Ms. Yang are spouses and are therefore deemed to be interested in the equity interests held by each other.
- (5) LMX MC Limited is a limited liability company incorporated under the laws of British Virgin Islands. All shares of LMX MC Limited are held by TMF (Cayman) Ltd. on behalf of LMX Trust, with TMF (Cayman) Ltd. as the trustee, and Mr. Li and his family members as beneficiaries. Mr. Minxin Li is both the settlor and protector of LMX Trust and is deemed to be the controlling person of the LMX Trust.
- (6) Namely, (i) MCYP Management Limited holding 316,000 Class A ordinary shares, (ii) MCYP Grand Management Limited holding 496,916 Class A ordinary shares, (iii) DN MC Limited holding 9,579,800 Class A ordinary shares, (iv) LWG MC Limited holding 4,928,700 Class A ordinary shares, (v) ZSY MC Limited holding 4,739,280 Class A ordinary shares, (vi) MYT MC Limited holding 4,669,140 Class A ordinary shares, (vii) HZ MC Limited holding 5,200,000 Class A ordinary shares, (viii) LBF MC Limited holding 3,449,880 Class A ordinary shares, and (ix) MCYP Fortune Management Limited holding 1,143,100 Class A ordinary shares. In addition to the nine ESOP holding platforms, there are three additional ESOP holding platforms (i.e. MCYP Great Management Limited, MCYP Evergreen Management Limited and MCYP Forever Management Limited) that have converted their Class A ordinary shares into ADSs and are included in footnote 8 below. For further details, see “Statutory and General Information – D. 2020 Share Incentive Plan” in Appendix V to this document.
- (7) As of December 31, 2021, these share incentive awards holding vehicles appointed Mr. Ye as their proxy for voting for the Shares held by them, which have been terminated in March 2022. As of the date of this document, the share incentive award holding vehicles have appointed the other employees and senior management member of our Company as their proxy and authorize them to exercise the voting power in these Shares.
- (8) Namely, (i) HH SPR-XIV Holdings Limited, a Cayman Island limited liability company controlled by Hillhouse; (ii) Tencent Mobility Limited, a Hong Kong limited liability company controlled by Tencent; (iii) Go Forward Limited; (iv) Glistening Sunshine Limited; (v) Mega Prime Development Limited; (vi) Triple Wise Asset Holdings Limited; (vii) Key wise ZUJG MC Fund, L.P.; and (viii) Wealth Full Capital Limited. The foregoing Shareholders are our investors that invested in us before our initial public offering in the United States and the share percentage excludes the Shares held by them in the form of ADSs that have been included in footnote (8) below.
- (8) Represents 338,233,180 Class A ordinary shares underlying the ADSs held by our Depositary, excluding the 8,800,000 Class A ordinary shares held by YGF MC Limited in the form of ADSs as detailed in footnote (2) above.
- (9) The remaining shares of PT. Miniso Lifestyle Trading Indonesia is held by PT. Mitra Retail Indonesia and PT. Yar Noor International as to 20% and 13%, respectively.
- (10) Except for the shares held by ZSY MC Limited, a company controlled by Mr. Saiyin Zhang, our chief financial officer and director, shares held by these entities will be counted towards the public float after the Listing.

**Immediately following the completion of the Global Offering**

The following diagram illustrates the corporate and shareholding structure of our Company immediately following the completion of the Global Offering, assuming the Presumptions:



Notes:

(1)-(9): See footnotes (1)-(9) in preceding pages under the section headed “Immediately prior to the completion of the Global Offering.”

---

## HISTORY AND CORPORATE STRUCTURE

---

### PUBLIC FLOAT

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Presumptions), the Shares held by certain of our Shareholders who are directly or indirectly controlled by our core connected persons will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Global Offering. Details of these Shareholders and their controllers are set out below:

- Mini Investment Limited, a member of the Controlling Shareholders group and a company controlled by Mr. Ye and Ms. Yang, holding 328,290,482 Shares representing approximately 25.9% of the issued share capital of our Company;
- YGF MC Limited, a company controlled by Mr. Ye and Ms. Yang, holding 203,265,382 Shares (including those in the form of ADSs) representing approximately 16.0% of the issued share capital of our Company;
- YYY MC Limited, a company controlled by Mr. Ye and Ms. Yang, holding 257,849,197 Shares representing approximately 20.4% of the issued share capital of our Company;
- LMX MC Limited, a company controlled by Mr. Minxin Li, our director and executive vice president, holding 56,151,532 Shares representing approximately 4.4% of the issued share capital of our Company; and
- ZSY MC Limited, a company controlled by Mr. Saiyin Zhang, our director and chief financial officer, holding 7,898,800 Shares (including those in the form of ADSs) representing approximately 0.6% of the issued share capital of our Company.

In addition, we have granted options to purchase a total of 58,436 shares, representing approximately 0.005% of the issued share capital of our Company, to Ms. Lili Xu and Mr. Yonghua Zhu. These shares will not be counted towards the public float.

Save as provided above, upon the completion of the Global Offering (assuming the Presumptions), the Shares held by other shareholders of our Company will be counted towards the public float.

---

## BUSINESS

---

### MISSION

Our mission is to enable everyone to enjoy life's little surprises.

### OVERVIEW

We are a global retailer offering a variety of design-led lifestyle products. Within nine years since we opened our first store in China in 2013, we have successfully incubated two brands – MINISO and TOP TOY. In 2021, the aggregate GMV of products sold through our MINISO network reached approximately RMB18.0 billion (US\$2.8 billion), making us the largest global branded variety retailer of lifestyle products according to the Frost & Sullivan Report. TOP TOY, a new brand we launched in December 2020 to pioneer the concept of pop toy collection stores, achieved a GMV of RMB374.4 million in 2021, ranking seventh in the pop toy industry in China, according to the same source.

We have built our flagship brand “MINISO” as a globally recognized retail brand and established a store network worldwide. According to the Frost & Sullivan Report, we had the most extensive global store network in the global branded variety retail industry in terms of number of countries and regions entered as of December 31, 2021, which encompassed over 5,000 MINISO stores, including over 3,100 MINISO stores in China and approximately 1,900 MINISO stores overseas. As of December 31, 2021, we had entered approximately 100 countries and regions throughout the world.

Observing an emerging pop toy culture, we leveraged our extensive retail know-how, supply chain capabilities, and established a platform to launch the “TOP TOY” brand with the strategic goal of entering into the pop toy market and eventually building our platform of pop toys. We believe that our “TOP TOY” brand is highly complementary to our “MINISO” brand, as it caters to a broader consumer demographic with a much wider product price range and higher average order value. Our experience as a leading global retailer has helped us realize our strategic goal with TOP TOY and make rapid headway in the pop toy market in China. We had a total of 89 TOP TOY stores as of December 31, 2021, which ranked third among major brands in China's pop toy market as of December 31, 2021, according to the Frost & Sullivan Report. During the Track Record Period, the vast majority of the revenue from TOP TOY was derived from the sales of third-party branded products with a small portion generated from the sales of co-developed IP products and in-house incubated IP products.

Design, quality, and affordability are at the core of every MINISO product we deliver, and we continually and frequently roll out MINISO products of these qualities. In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs under the “MINISO” brand per month, and offered consumers a wide selection of over 8,800 core SKUs, the vast majority of which are under the “MINISO” brand. Our MINISO product offering spans across 11 major categories, including home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts. Under the

TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021 across 8 major categories, including blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji, sculptures, and other popular toys.

We believe a quality offline retail experience is essential for our ability to retain and attract consumers and maintain their engagement. We therefore promote a relaxing, treasure-hunting, and engaging shopping experience that appeals to all demographics regardless of their cultural background and the geographical location of the stores. In particular, we organize pop toy workshops and shows in our TOP TOY stores and various other offline events where consumers can simply enjoy and have fun, making the offline retail experience more immersive and engaging for consumers in the process. Our focus on delivering distinct value propositions within a relaxing and engaging shopping environment generates excitement and encourages frequent visits, allowing us to build a large and loyal base of consumers mostly from the younger generations.

We pair value concepts with a touch of appeal, creativity and innovation, focusing on long-term sustainability instead of short-term profits. Our highly effective approach to retail, which mainly encompasses dynamic product development, an efficient supply chain, and deep operation know-how backed by digitalization, is critical to the success and forms the backbone of our business.

- **Dynamic product development.** The collective efforts of product managers, designers and suppliers help us achieve dynamic product development. Our experienced product managers are responsible for identifying trends, co-creating product designs in collaboration with our designers, coordinating with suppliers on production and bringing the finished products to market. We have made significant investment in our design capabilities by maintaining a dedicated and capable in-house design team and partnering with capable third-party designers, and have established our MINISO Design Academy to fully integrate these design capabilities to create trendy, attractive and quality products. Our philosophy is to launch approximately 100 new MINISO SKUs, every 7 days, carefully selected from a large library of 10,000 product ideas, which we refer to as the “711 philosophy.” We believe our efficiency and speed-to-market at large scale are difficult for competitors to replicate.

Our co-branding collaborations with IP licensors owning popular brands allow us to capitalize on cultural phenomena or influential trends in mass media by featuring their elements in our product design and adding exciting diversity to our products. Our established co-branding relationships with 75 IP licensors as of December 31, 2021, who own popular brands such as Marvel, Disney, Hello Kitty and Universal, are a strong testimony to our brand value and elevate our brand equity and awareness by unlocking new possibilities of product design. As a result, more consumers are attracted to MINISO and TOP TOY stores to enjoy a shopping experience replete with pleasant surprises.

---

## BUSINESS

---

- **Efficient supply chain.** Leveraging China's unmatched and massive supply chain, we source directly from qualified manufacturers in China that can meet our demands. Our large procurement volumes as a result of our scale further contribute to our procurement cost advantages. We maintain a mutually beneficial relationship with our suppliers by being punctual with our payments to them and helping them grow with us. In addition, we digitally integrate almost all of our suppliers and streamline the supply chain process through our supply chain management system and regularly assist suppliers in improving production efficiency and cost control, which enable us to continuously optimize our supply chain efficiency. Our supply chain also remained resilient during the COVID-19 pandemic, with our inventory turnover days remaining stable at 78 days in the fiscal year ended June 30, 2020 and 79 days in the fiscal year ended June 30, 2021, and decreasing to 68 days for the six months ended December 31, 2021. We believe our efficient supply chain sets the foundation for our competitive product pricing strategy.
- **Deep operation know-how backed by digitalization.** We have accumulated in-depth operational know-how based on our deep insights into consumer tastes and preferences developed from serving millions of consumers on a daily basis. We use such know-how to optimize and systemize key aspects of store operation from welcoming ambience and friendly staff, to easy-to-navigate store layout, and precise product curation.

Our technology augments our operational know-how by digitalizing every aspect of our business operations and giving us deeper insights into consumer preferences. With our self-developed intelligent store management tools, we are able to provide store managers with real-time sales and inventory data and inventory replenishment and merchandise display management suggestions based on big data analytics, and tailor our store merchandise selection accordingly. The real-time inventory level covers our directly operated stores and MINISO stores operated by MINISO Retail Partners in China. We monitor the store-level inventories mainly through our SAP ERP system, which has tailored inventory modules, and through our merchandise display management system, which is designed to visualize, synchronize and optimize shelf display management at the MINISO stores. By digitalizing the management of merchandise placement in each store, it allows us to centrally and digitally manage and adjust merchandise display in each store, monitor the in-store stock of specific products, maintain up-to-date records of the inventories kept by MINISO Retail Partners and optimize product replenishment. In addition, our store AI assistant can also generate and provide MINISO store managers with real-time inventory level and other important store operating metrics and their analytics, empowering the store managers to enhance merchandise management and monitor the store-level inventories.

We have also developed an AI store monitoring system that supports real-time automatic store-level management. We adopt AI image recognition technologies to facilitate real-time automatic store layout check, order/payment fraud detection,



---

## BUSINESS

---

store congestion control and store worker attendance check, among other things. For example, leveraging image recognition and detection technologies, our AI store monitoring system detects any semblance of congestion near a store's cash registers, and reminds store managers to add cashiers in time.

In addition, our data analytics capabilities and insights derived from proprietary consumer data have guided us in developing products that meet prevailing consumer tastes and preferences. Beyond our physical store premises, we have also engaged consumers through various online channels, including our MINISO membership program, Weixin mini-programs, third-party e-commerce and online-to-offline platforms, and store-based communities on Weixin. Such expanded consumer engagement, coupled with our intelligent consumer profiling technologies and data analytics capabilities, allow us to enhance the accuracy of our targeted marketing and consumer engagement efforts.

Our path to success in our home market, China, where we had expanded to approximately over 3,100 MINISO store as of December 31, 2021, depends on the effectiveness and scalability of our MINISO Retail Partner model. Under this model, MINISO Retail Partners mobilize their resources to open and operate MINISO stores at optimal locations and shoulder the associated capital expenditure and operating expenses, while we let them use our brand and provide them with valuable guidance on key aspects of store operation in exchange for a pre-agreed portion of in-store sales proceeds. The MINISO Retail Partners keep the remaining sales proceeds and we retain inventory ownership until in-store sale to consumers. The MINISO Retail Partner model aligns the interests and creates mutual benefits between us and the MINISO Retail Partners, allowing us to achieve rapid store network expansion with consistent brand image and consumer experience in an asset-light manner, and enabling our MINISO Retail Partners to attain attractive investment returns. Based on a survey conducted by Frost & Sullivan, our MINISO Retail Partners in China generally recover their store investment in a period of 12 to 15 months after store opening. Our MINISO Retail Partners are also motivated to maintain a loyal relationship with us. As of December 31, 2021, 475 of our 860 MINISO Retail Partners had invested in MINISO stores for over 3 years.

Our rich product design, relaxing shopping experience, efficient supply chain, and deep operation know-how backed by digitalization make our business highly scalable globally. Since we opened our first MINISO store in China in 2013, we had expanded to approximately 1,900 MINISO stores by entering into approximately 100 countries and regions outside of China as of December 31, 2021. We accomplished such international store expansion under flexible models tailored to local conditions, including direct operation, the MINISO Retail Partner model, and partnership with local distributors. Our insights into local consumer tastes and preferences and our sourcing capabilities enable us to meet the local demands in each international market. As a testament to our expanding international operation, our revenue from markets outside of China accounted for 32.3% and 32.7% of our total revenue for the fiscal



---

## BUSINESS

---

years ended June 30, 2019 and 2020, respectively. Although the percentage decreased to 19.6% for the fiscal year ended June 30, 2021 due to the negative impact of the COVID-19 pandemic on the international markets, we managed to improve it to 24.7% for the six months ended December 31, 2021.

In the fiscal years ended June 30, 2019, 2020 and 2021, we recorded revenue of RMB9,394.9 million, RMB8,979.0 million and RMB9,071.7 million and gross profit of RMB2,511.0 million, RMB2,732.5 million and RMB2,430.7 million, respectively. We recorded net profit from continuing operations of RMB9.4 million in the fiscal year ended June 30, 2019, and a net loss from continuing operations of RMB130.1 million and RMB1,429.4 million in the fiscal years ended June 30, 2020 and 2021, respectively. We recorded adjusted net profit, a non-IFRS financial measure, of RMB841.3 million, RMB933.9 million and RMB477.2 million in the fiscal years ended June 30, 2019, 2020 and 2021, respectively. Our financial results since 2020 have been negatively affected by the COVID-19 pandemic. However, despite the continuous impact of COVID-19, we have experienced fast growth in business and profitability recently. Our revenue increased by 24.2% from RMB4,369.9 million in the six months ended December 31, 2020 to RMB5,426.9 million in the six months ended December 31, 2021. Our gross profit increased by 36.6% from RMB1,165.1 million in the six months ended December 31, 2020 to RMB1,591.3 million in the six months ended December 31, 2021, with our gross margin improving from 26.7% to 29.3% during the same period. We recorded a net profit of RMB338.6 million in the six months ended December 31, 2021, compared to a net loss of RMB1,655.6 million in the six months ended December 31, 2020. Our adjusted net profit, a non-IFRS financial measure, increased from RMB186.1 million in the six months ended December 31, 2020 to RMB389.0 million in the six months ended December 31, 2021.

### OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and set us apart from our competitors.

#### *Global Retailer Offering Design-led Lifestyle Products*

We are a global retailer of lifestyle products as evidenced by the speed of expansion of our store network globally. We opened our first store in China in 2013, and we had become a globally proven retail concept with more than 5,000 MINISO stores worldwide as of December 31, 2021, including over 3,100 MINISO stores in over 330 cities across China and approximately 1,900 MINISO stores overseas. As of December 31, 2021, we had entered approximately 100 countries and regions throughout the world. This store network was the most extensive retail network for lifestyle products in terms of countries and regions covered globally as of December 31, 2021, according to the Frost & Sullivan Report. In 2021, we generated GMV of approximately RMB18.0 billion (US\$2.8 billion) through our MINISO network globally, making us the largest global branded variety retailer of lifestyle products, according to the same source.

We have also achieved rapid growth with the TOP TOY brand we launched in December 2020. We had a total of 89 TOP TOY stores as of December 31, 2021, which ranked third among major brands in China’s pop toy market as of December 31, 2021, according to the Frost & Sullivan Report. In 2021, TOP TOY’s GMV was RMB374.4 million, which ranked seventh in China’s pop toy market, and GMV per TOP TOY store was RMB7.1 million, which ranked third in China’s pop toy market, according to the same source.

We have been able to accurately identify consumption trends and incubate multiple brands by leveraging our deep consumer insights, retail know-how, and digitalized supply chain management capabilities. Our brands have gained popularity and recognition among global consumers, and we have gained an engaged and loyal customer base. During the Track Record Period, we had approximately 3 billion visits to our MINISO stores in China, and a total of approximately 1 billion in-store orders were generated during the same period.

In our pursuit of an optimal balance of appeal, quality and affordability, we strive to deliver the right merchandise, adapt to evolving consumer needs and preferences, and maximize consumer value. Our balanced approach serves as the foundation for our hard-to-replicate, enticing value propositions that attract constant consumer spending globally. We believe these value propositions, supported by our strong capabilities in product development, supply chain, and operations, contribute to our navigation through economics cycles, including during the COVID-19 pandemic.

#### ***Frequently-refreshed Product Assortment with Universal Appeal***

Our products reflect designs of mass appeal, and they are also frequently refreshed to satisfy the evolving needs and preferences of consumers. We apply our data analytics tools to insights derived from consumer data to capture the latest consumer trends and to guide and test our product design and product assortment. Our experienced product managers work closely with our designers and suppliers in product design to ensure that our product designs are innovative, trendy, feasible, and appealing to mass consumers. As of December 31, 2021, we had won a total of 32 reputable international design awards, including iF Product Design Awards, Red Dot Design Awards, European Product Design Awards, K-Design Awards, A’ Design Awards, and Red Star Design Awards, which attest to our strengths in product design. Our “711 philosophy” for product rollout under the MINISO brand – every 7 days, to launch approximately 100 new SKUs, carefully selected from a large library of 10,000 product ideas – drives our speed to market and adds to the diversity and trendiness of our product assortment. In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs per month under our MINISO brand.

Compared to MINISO, TOP TOY has a product lineup more focused on trendy products, targets a consumer demographic that is wider in terms of age and more balanced in terms of gender distribution, and has a much wider product price range and higher average order value. Pioneering the pop toy collection store concept with the TOP TOY brand, TOP TOY has expanded the concept of pop toy from blind boxes to seven other major categories and is constantly exploring more product categories. We are able to identify popular pop toy brands

and distribute their products through our scalable retail network efficiently. Leveraging our robust supply chain and product design capabilities, we have also launched TOP TOY-brand products and improved their revenue contribution to about 14.0% in the quarter ended December 31, 2021.

Co-branding with IP licensors represents another example of our efforts to frequently refresh our product assortment. Collaborations with IP licensors owning popular brands allow us to capitalize on cultural phenomena or influential trends in mass media by featuring their elements in our product design, adding exciting diversity to our products and elevating our brand equity and awareness as a result. Our co-branding collaborations with 75 IP licensors as of December 31, 2021, who own many popular brands such as Marvel, Disney, Hello Kitty and Universal, are a strong testimony to the value of our brands and product competency. Leveraging our in-depth know-how, we actively explore collaboration with popular brands that resonate with consumers globally, invoking a feeling of trendiness and fun. In particular, we co-develop popular IPs with talented independent design artists and empower these independent design artists with scalable sales channels and real-time consumer feedbacks, as well as strong supply chain capabilities that help turn their design ideas promptly into products. In turn, most of these independent design artists have chosen to stay with our platform and continued to contribute their designs. As of December 31, 2021, we had co-developed 72 of such IP products under our TOP TOY brand with three IP licensors, although during the Track Record Period, the vast majority of the revenue from TOP TOY was derived from the sales of third-party branded products with a small portion generated from the sales of co-developed IP products and in-house incubated IP products.

### ***Efficient and Digitalized Supply Chain***

Our supply chain differentiates us from other industry players and allows us to offer an evolving assortment of quality products at exceptional value. Leveraging China's large supply chain in the lifestyle product sector, we source our products from over 1,000 suppliers as of December 31, 2021. These suppliers are mostly qualified manufacturers in China, with some having extensive experience in supplying to other global brands, and they are able to meet our demand cost-effectively and efficiently. We carefully nurture our mutually beneficial relationships with our suppliers by procuring in large volumes directly from manufacturers, being punctual with our payment to them, and guiding them towards better production efficiency and enhanced cost control.

We excel in supply chain management as a result of our efforts in deeply integrating suppliers within our product development and supply chain process. Our designers, product managers and suppliers collaborate closely to rapidly roll out popular products catering to changing consumer tastes and preferences across global markets. Furthermore, almost all of our suppliers are digitally connected with us through our supply chain management system, and the system can give suppliers access to real-time sales data on our end. This enables us to synchronize with suppliers to dynamically optimize production planning and minimize inventory risk.

---

## BUSINESS

---

Our efficient and digitalized supply chain has allowed us to achieve production flexibility, fast inventory turnover, rapid product launches, and procurement cost advantages, and these advantages have allowed our supply chain to fulfill global demand effectively and weather the COVID-19 pandemic relatively unscathed. We had average inventory turnover of 63 days, 78 days, 79 days and 68 days in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. Our procurement cost advantages have also enabled our competitive pricing strategy.

### *In-depth Know-how and Digitalization Driving Operational Excellence*

We have accumulated in-depth operational know-how from extensive experience and deep consumer insights developed through our interaction with millions of consumers visiting MINISO stores on a daily basis. We place strong emphasis on optimizing and systemizing every key aspect of store operations using such know-how to create a relaxing and engaging shopping environment and improve our efficiency. The standardized layout, decoration and lighting, modestly priced products, and the friendly staff in a MINISO store all contribute to a welcoming ambience for store visitors, who will also find the store easy to navigate due to its optimized product arrangement and display. In our TOP TOY stores, we organize pop toy workshops and shows where consumers can simply enjoy and have fun, bringing consumers an immersive and engaging shopping experience.

Our technological capabilities further augment our operational effectiveness and efficiency on a store level. With our self-developed intelligent store management tools, we are able to provide store managers with real-time sales and inventory data and inventory replenishment and merchandise display management suggestions based on different store demographics, and tailor our merchandise selection for each individual store. As of the Latest Practicable Date, about 80% of our store inventory replenishment plans followed such system suggestions. We also developed an AI store monitoring system that supports real-time automatic store-level management, including store layout review, order or payment fraud detection, among others.

In addition, our data analytics capabilities and insights derived from proprietary consumer data have guided us in developing products that meet prevailing consumer tastes and preferences. We have developed a proprietary module on the product lifecycle system on which frontline workers provide a rich and constant supply of the latest ideas and consumer information that serve as the basis for the next successful product design, our designers, product managers, and other participants collaborate closely in core processes of product development. In the fiscal year ended June 30, 2021, almost all of our products were designed through the product lifecycle management system.

***Multi-channel Operation and Consumer Engagement***

Aside from our offline channels mainly consisting of our store network, we have explored and developed online channels to supplement our offline store network in our operation and expand our consumer engagement. Such expanded consumer engagement, coupled with our intelligent consumer profiling technologies and data analytics capabilities, have allowed us to enhance the accuracy of our targeted marketing and consumer engagement efforts.

Our online channels encompass e-commerce channels where consumers can place orders, which mainly include third-party e-commerce platforms such as Tmall, JD.com and Douyin, and online-to-offline channels based on our offline store network, which include Weixin mini-programs and store-based communities on Weixin as well as other online-to-offline platforms through collaboration such as Meituan and Ele.me. The Weixin store-based communities are typically run by our operation specialists to engage with consumers who would like to receive updates about our brands and products on a more regular and personal basis.

We have accumulated a massive consumer base and enhanced our consumer engagement through our multi-channel operation. We first launched our membership program in China in August 2018. As of June 30, 2019, 2020, and 2021, the number of MINISO members with at least one purchase over the past 12 months was approximately 5 million, 19 million and 27 million, respectively, and as of December 31, 2021, the number of MINISO members with at least one purchase over the past six months was approximately 28 million. As of June 30, 2021, the number of TOP TOY members with at least one purchase over the past 12 months was approximately 387 thousand, and as of December 31, 2021, the number of TOP TOY members with at least one purchase over the past six months was approximately 979 thousand. The successful implementation of the membership program has driven customer spending. In the quarter ended December 31, 2021, through our consumer engagement efforts, the number of average monthly active users of MINISO's Weixin mini-program reached more than 7 million. Supported by our precise consumer profiling algorithms and data from expanded consumer engagement, we have been able to have tailored and dynamic interactions and marketing strategies for different consumer groups, and ultimately improve our customer conversion, repeat purchase rate, and customer lifetime value. Our online promotion activities are mainly conducted through livestreaming, publication on our Weixin public accounts, and KOL collaboration on various social platforms. In particular, livestreaming was especially effective in broadening our consumer reach and deepening member conversion for our TOP TOY brand.

***Global Scalability and Capability of Penetrating into Various Tiers of Cities***

We have adopted a range of flexible store operation models, including MINISO Retail Partner model, direct operation model and the distributor model, as we expand our footprints in China and globally.

---

## BUSINESS

---

We employ our MINISO Retail Partner model extensively in China as well as in certain overseas markets to facilitate store network expansion. Our MINISO Retail Partner model allows us to quickly and effectively expand our store network in an asset-light manner while maintaining consistent brand image and consumer experience across MINISO stores.

Under the MINISO Retail Partner model, MINISO Retail Partners join our store network by mobilizing their resources to open and operate MINISO stores at optimal locations, shouldering the associated capital expenditure and operating expenses. On the other hand, we guide the MINISO Retail Partners in key aspects of store operation while maintaining ownership of store inventory before it gets sold to consumers in exchange for a pre-agreed portion of sales proceeds. This model creates an attractive investment opportunity for our MINISO Retail Partners. Based on a survey conducted by Frost & Sullivan, our MINISO Retail Partners in China generally recover their store investment in a period of 12 to 15 months after store opening. Our MINISO Retail Partners are also motivated to maintain a loyal relationship with us. As of December 31, 2021, 475 out of our total 860 MINISO Retail Partners had invested in MINISO stores for over 3 years. Our MINISO Retail Partner Model and close collaborations with loyal MINISO Retail Partners also helped us become highly resilient during the COVID-19 pandemic as such collaborations enabled us to quickly and effectively expand our store network in an asset-light manner even during the pandemic. During 2020 and 2021, when the pandemic negatively impacted many offline retailers' expansion in China, we added 625 stores in China, among which 624 were MINISO Retail Partner stores. In the twelve months ended December 31, 2021, we successfully achieved a net increase of 400 MINISO stores and 84 TOP TOY stores in China despite the impact from the pandemic.

Our brand attraction, operational know-how and proven track record have well positioned us to be the partner of choice for overseas business partners who wish to join our store network. We have also developed a thorough and systematic approach to researching and understanding the local competitive dynamics, consumer behaviors, regulatory environment before we enter into any international market, which serves as a solid foundation for us to efficiently penetrate into and rapidly expand our business in such local market. While our store network expanded to approximately 100 countries and regions as of December 31, 2021, the majority of our overseas markets are at early stage, and huge potential remains for further penetration in these markets. Our revenue contribution from overseas markets was 32.3%, 32.7%, 19.6% and 24.7% in the fiscal years ended June 30, 2019, 2020, and 2021 and the six months ended December 31, 2021, respectively.

We consider our ability to penetrate into various tiers of cities to be as important as our ability to expand globally for the continued success of our business, which has established a globally recognized retail network. Our ability to penetrate into various tiers of cities is evidenced by our proven track record of successfully penetrating into various lower-tier cities in China despite our previous experience operating in mostly high-tier Chinese cities. As of December 31, 2021, about 41% of our MINISO stores in China were located in third- or lower-tier cities, and about 70% of the new MINISO stores opened in China in 2021 were



---

## BUSINESS

---

located in third- or lower-tier cities. Our deep operation know-how backed by digitalization and close relationships with our MINISO Retail Partners have equipped us with all the tools needed to deepen the market penetration of both the MINISO brand and TOP TOY brand in lower-tier cities in China.

### *Experienced Founder and Entrepreneurial Management Team*

We benefit from the vision and experience of our seasoned senior management team, who has remained stable through different business cycles since our inception and has always committed to fulfilling our mission and vision. Their rich industry experience, concrete vision, and strong execution capabilities have enabled us to deliver solid performance in the rapidly changing retail industry, identify market opportunities and cultivate multiple brands including MINISO and TOP TOY. Mr. Guofu Ye, our founder and chief executive officer, is a seasoned entrepreneur in the retail industry with a successful business track record. Mr. Ye has set the strategic direction for our business with a focus on bringing high-appeal, high-quality merchandise with exceptional value to consumers globally. This commitment is shared by our experienced and stable management team, who has over 16 years of relevant industry experience on average. All of our executive officers have joined from leading retail and technology, media, and telecom companies in China, with extensive expertise across a broad range of business areas, including merchandizing, finance, store operations and supply chain management. We have cultivated a corporate culture of valuing sustainable growth and strong execution capabilities.

### **OUR STRATEGIES**

We aim to further grow our business by pursuing the following strategies.

#### *Expand and Upgrade Our Store Network*

We believe there is still huge potential for market expansion in China, and we plan to further expand our store network in China. We intend to take a disciplined approach in store network expansion to capture opportunities in lower-tiered cities in China primarily for our MINISO stores, and further penetrate into the cities we have covered. For TOP TOY, we plan to continue to focus our store expansion in first- and second-tier cities in China in the near future while exploring opportunities to further expand into lower-tier cities. In addition, we plan to add more MINISO and TOP TOY stores at locations with proven consumer traffic and high sales potential with their sizes and merchandise selections based on analysis of local consumer demographics and other peculiarities.

In overseas markets, we plan to actively identify and collaborate with the right business partners and local distributors to open more MINISO stores. When selecting local partners, we prioritize those with financial strength and sufficient resources to open MINISO stores at optimal locations, while also considering their management ability and industry experience. We will continue to apply our flexible store operation models to further expand our store



network based on local conditions in each market. Moreover, we will continue to leverage our existing international operations to develop and more deeply penetrate into strategic markets, most notably Asia, North America, and Europe.

***Enhance Product Development and Supply Chain Capabilities***

We will maintain and improve the value propositions of our products. We will further enhance our dynamic product development strategy and enrich our product offerings by launching more playful, appealing and useful SKUs, timely adjust our merchandise mix catering to consumer preferences across the globe, and expand to new adjacent product categories within the lifestyle segment. Furthermore, we plan to strengthen our efforts at incubating and co-developing our own IPs and deepen our relationships with existing co-branding partners and foster new co-branding collaborations to drive product innovation.

We will further optimize our supply chain by strengthening our cooperation with existing qualified suppliers, attracting new capable suppliers and further developing our global sourcing capabilities. We will also more deeply integrate suppliers through our digitalized supply chain management system to achieve shorter lead time and faster reorder, ultimately increasing efficiency of the whole supply chain.

By enhancing our product development and supply chain capabilities, we aim to buttress our products' value-for-money, frequent renewals and broad selection to make our products attractive to global consumers.

***Deepen Consumer Engagement and Drive Multi-channel Experience***

We will continue to take initiatives to deepen consumer engagement and drive multi-channel experience, where consumers may engage or shop with us via both online channels, which encompass store-based online-to-offline channels as well as e-commerce channels, and offline channels. We plan to expand our online offerings and broaden our online sales channels by further developing our own e-commerce channels and collaborating with more third-party e-commerce and online-to-offline platforms. We will also leverage our network of store-based consumer communities on Weixin to allow consumers to conveniently place orders with their MINISO and TOP TOY stores of choice, providing them with a seamless multi-channel shopping experience. In international markets, we similarly plan to cooperate with more local e-commerce platforms to expand our online sales channels. We believe that offering additional channels of consumer experience will enhance our brand awareness and consumer loyalty, which drive increases in store traffic and in-store purchases. For example, consumers who have purchased our products online may well be impressed and become interested in visiting MINISO and TOP TOY stores offline and making purchases in store. This may lead to higher revenue and profitability for MINISO and TOP TOY stores.

---

## BUSINESS

---

Building on our existing strong consumer affinity, we will continue to improve our membership program, through which we will expand our membership base and accumulate valuable insights into consumer preferences and behavior to further improve operational efficiency, merchandise mix, and shopping experience. We will continue to launch innovative marketing initiatives leveraging popular social media platforms to reinforce consumer outreach efforts and increase our brand awareness.

### *Strengthen Technological Capabilities*

We aim to increase operational efficiency by further developing and upgrading our technological capabilities. In particular, we will further utilize data analytics throughout our operation to facilitate product design and our supply chain process, tailor merchandising to consumer needs, optimize inventory management and otherwise digitalize operation. To that end, we plan to further develop and enhance our own technology systems, modules and other applications for our operations in China and overseas, respectively, purchase or license technologies or technology systems from third parties and upgrade our core technology platform.

### *Continue to Invest in Branding and Incubate New Brands*

We aim to continue to invest in branding and incubate new brands to better monetize our product capabilities, to effectively convert store visitors and consumers to customers, and to improve customer loyalty. To that end, we plan to enhance our brand recognition through marketing campaigns and customer engagement activities across various online and offline channels, exploration of alternative retail channels and expansion of online sales channels, increasing the proportion of TOP TOY-brand products under our TOP TOY label, and brand upgrade for our MINISO brand, including renovating and upgrading our store display and appearance to match our upgraded brand positioning. To continue our success after TOP TOY, we also plan to incubate new brands leveraging our core competitiveness accumulated through our existing businesses in a highly disciplined manner.

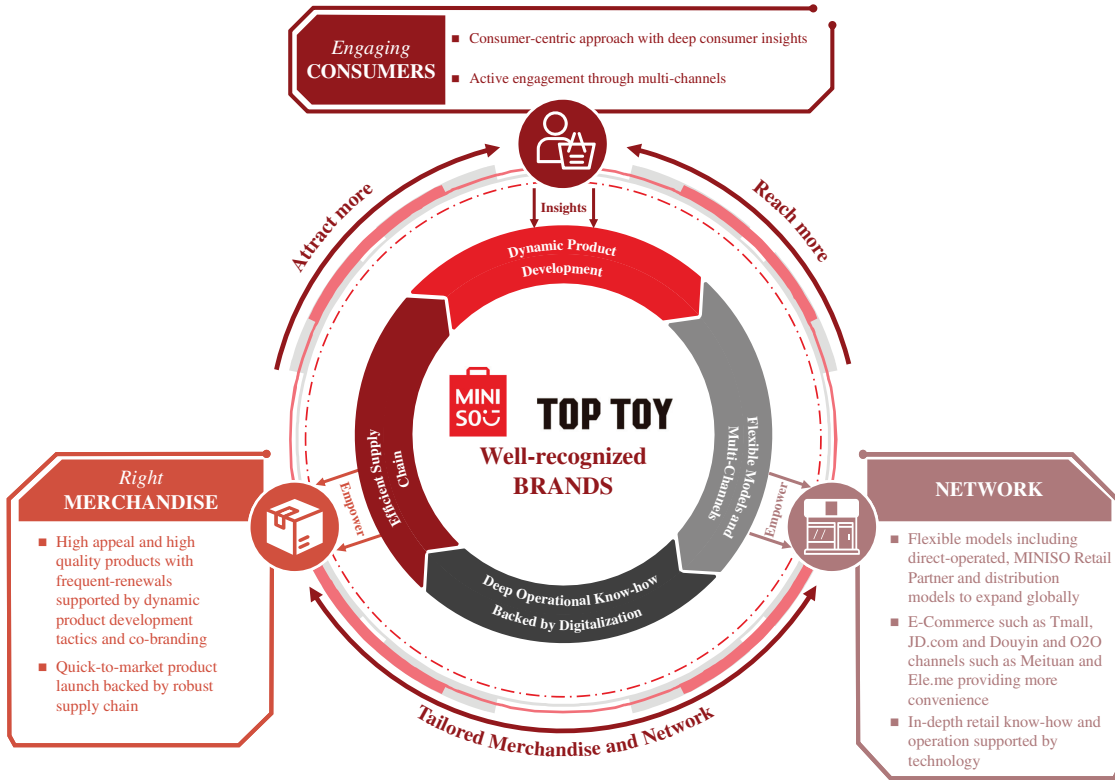
### *Strategically Explore Investment and Acquisition Opportunities*

We plan to strategically explore investment or acquisition opportunities to strengthen our market position and enhance our competitiveness. We will consider targets based on their synergies with our business and financial performance. As of the Latest Practicable Date, we did not expect to pursue any imminent material acquisitions or investments.

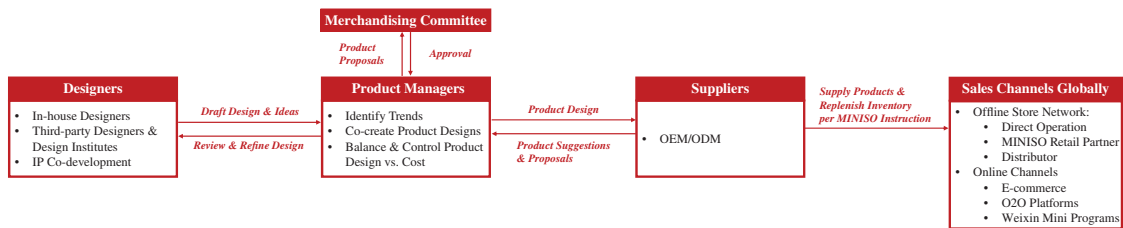
# BUSINESS

## OUR BUSINESS MODEL

The following diagram illustrates our business model and the various participants in our business:



The following is a flow chart illustrating the business flows of our key business functions:



## OUR PRODUCTS

Our flagship brand “MINISO” offers a frequently-refreshed assortment lifestyle products covering diverse consumer needs, and consumers are attracted to our products’ trendiness, creativeness, high quality and affordability. Our MINISO product offering encompassed about 8,800 core SKUs in the fiscal year ended June 30, 2021 across 11 major categories: home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts. In December 2020, we launched a new brand, “TOP TOY,” which is committed to building our platform of pop toys. Under the

---

## BUSINESS

---

fast-growing TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021 across 8 major categories: blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji, sculptures, and other popular toys.

Below are sample photos of our products:

### MINISO Brand



### TOP TOY Brand



---

## BUSINESS

---

We are able to deliver our value propositions by leveraging our supply chain capabilities that are built on China's large supply chain, our large procurement volumes, our punctual payment to suppliers, and our digitalized, continuously optimized supply chain, which collectively contribute to our overall supply chain efficiency and procurement cost advantages.

Our philosophy is to launch approximately 100 new MINISO SKUs, every 7 days, carefully selected from a large library of 10,000 product ideas, which we refer to as the "711 philosophy." In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs per month under our MINISO brand, and offered consumers a wide selection of over 8,800 core SKUs. Under the TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021. In general, our products are frequently refreshed to satisfy the evolving needs and preferences of consumers.

In the fiscal year ended June 30, 2021, more than 95% of the MINISO products had retail prices under RMB50 in China. TOP TOY products have a wide range of retail prices and approximately 70% of the TOP TOY products had retail prices ranging from RMB40 to RMB300 in China in 2021.

We adopt a cost plus mark-up pricing strategy for products we sell. The products we sell are manufactured by third-party manufacturers. We set prices for the products to be sold to customers based on manufacturing costs plus a mark-up. As a result, the level of our gross profit margin is dependent on the level of mark-ups we added on top of costs we incurred.

### **Brand Strategies**

We sell the vast majority of our products under our flagship brand "MINISO," which targets primarily the younger generation. Under this brand, we aim to deliver a wide range of lifestyle products that are high-quality and highly affordable. Almost all of the MINISO products are self-developed. To attract and keep the interest of consumers, we update our MINISO product portfolio frequently with new and trendy products. With our "711 philosophy" for our product rollout under the MINISO brand, every 7 days, we aim to launch approximately 100 new MINISO SKUs carefully selected from a large library of 10,000 product ideas. In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs under the MINISO brand per month.

We have developed and incubated new brands rapidly and successfully, such as the "TOP TOY" brand we launched in December 2020 to pioneer the concept of pop toy collection stores. TOP TOY provides a one-stop shopping platform for consumers attracted to pop culture through its cultivation of independent design teams and artists, incubation of IPs, and promotion and spreading of pop culture through its pop toy product line. TOP TOY's expansion of the concept of pop toys from blind boxes to seven other major categories has also distinguished itself from other pop toy brands in China. In comparison to the MINISO brand, TOP TOY has a product lineup more focused on trendy products, targets a consumer demographic that is wider in terms of age and more balanced in terms of gender distribution, relies more on cultivation of our own IPs to co-develop them into popular IP products with



---

## BUSINESS

---

independent design artists, and has a much wider product price range and higher average order value. While products of third-party brands are still the majority of the TOP TOY product portfolio, we have steadily increased and will continue to increase the proportion of TOP TOY-brand products. We have increased the revenue contribution from our TOP TOY-brand products in TOP TOY stores to 14.0% in the quarter ended December 31, 2021 and plan to continue to increase it in the future.

### **Product Design and Development**

Popular and well-designed products that respond to evolving consumer tastes and needs are the core attraction to our consumers, and our product design and development capabilities are instrumental to us continuing to maintain this core attraction.

#### *Product Design Capabilities*

We work with both in-house designers and independent design partners globally to create innovative design concepts for us. As of December 31, 2021, we had a designer network that includes an in-house team of 124 designers as well as 37 design partners consisting of internationally renowned independent designers, professional design studios and design academies from 7 countries. To integrate the design capabilities of these design partners with our own, we have established the MINISO Design Academy consisting of a selection of our in-house designers. The MINISO Design Academy is mainly responsible for liaising with third-party designers and adding visual and packaging designs to the product prototype designs submitted by design partners, so that the final products have consistent appearance as the rest of our branded products. The vast majority of our SKUs feature elements of designs by our in-house design team.

We generally enter into form agreements with independent designers, artists and professional design studios. We generally pay a design service fee for each design we engage our design partners to make either as a fixed sum or as a percentage of its sales revenue, subject to a pre-agreed cap, and we generally own all intellectual property rights relating to the design. We sometimes allow the design partners to receive a small percentage of the sales revenue from products featuring their design in addition to the design service fee when the product sales exceed a certain threshold. The design partners are liable for any disputes, controversies or claims arising out of or in connection with the design concepts. Our agreements with these design partners typically have a term of not more than three years.

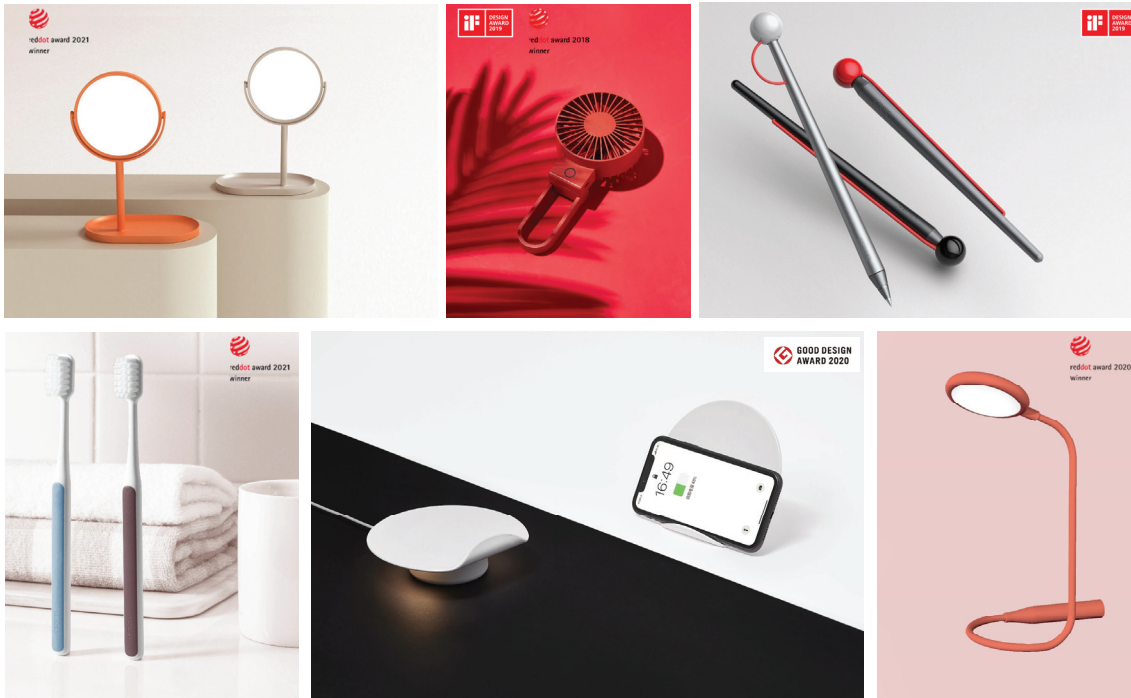
As for design academies, we generally pay a fee as stated in the collaboration agreements to support the training and design of students in the academies. In return, we may be granted intellectual property rights of the designs, or pre-emption rights to acquire intellectual property rights.

---

## BUSINESS

---

As a testament to our excellence in product design, we had won a total of 32 reputable international design awards as of December 31, 2021, including iF Product Design Awards, Red Dot Design Awards, European Product Design Awards, K-Design Awards, A' Design Awards, and Red Star Design Awards. Below are photos of a selection of our award-winning products:



### *Product Development*

The collective efforts among product managers, designers and suppliers help us achieve dynamic product development. As of December 31, 2021, we had a team of 110 product managers, who are responsible for identifying trends, co-creating product designs, coordinating with suppliers on production and bringing the finished products to market. Our product development process begins with a product idea identified by our product managers from market research and inputs from suppliers. The product managers collaborate with our designers in developing the product idea to concrete product design, and then present the design to our suppliers for their inputs regarding production feasibility. Our product managers work closely with our designers and suppliers in product design to ensure that our product designs are innovative, trendy, feasible and appealing to mass consumers. The product managers then have the suppliers produce product prototypes and present them as part of the product proposal to our rigorous weekly merchandising committee meetings for approval. If approved, the product design will be further refined based on cooperation among the product managers, the designers and the suppliers before it is manufactured and becomes ready for sale.



Our technology capabilities play an important role in our product development process. For example, our Smart Merchandise Selection Assistant enables us to monitor and discover popular hits on major social media platforms and automate rapid identification of new and emerging trends, which maximize our ability to react quickly to rapidly changing consumer tastes and preferences. Our technology capabilities also allow us to monitor sales performance and consumer feedback of each SKU closely, helping us to actively manage product life cycles and continuously improve existing SKUs. See “– Our Technology – Digitalized supply chain management – Product lifecycle management system.”

We hold weekly merchandising committee meetings to adjust our merchandising strategies for market trends and select new SKUs to bring to market, with rigorous SKU selection criteria and deep involvement of our chairman and other experienced senior management. In certain international markets, we also have localized merchandising strategies supported by collaboration among our product managers, local suppliers and our international operation teams, and we tend to source uniquely local products directly from local sources. As a result, our new SKUs are responsive to prevailing market needs and local consumer tastes and preferences.

### **Co-branding Collaborations and Co-development of IP Products**

Co-branding with IP licensors is another example of our efforts to frequently refresh our product assortment. During the course of our business operations, we have developed an approach to collaborating with highly popular IP licensors in developing co-branded products. We believe these co-branding collaborations are a strong testimony to our brand value and elevate our brand equity and awareness by unlocking new possibilities of product design. In addition, we actively explore co-branding collaboration with IP licensors that resonate with a broad group of consumers globally. By orchestrating well-paced product launch plans, we release new co-branded product collections in a successive and coherent manner to maximize consumer reach.

As of December 31, 2021, we had established co-branding relationships with 75 IP licensors who own many popular brands such as Marvel, Disney, Hello Kitty and Universal. The terms and conditions of our agreements with IP licensors vary as they are typically based on form agreements provided by the licensors. However, our agreements with IP licensors typically have a term of not more than three years. Under these agreements, we are licensed to manufacture, sell and promote co-branded products within licensed territories and we may not reassign such rights to any third party without the approval of the IP licensors. The royalties we are obligated to pay our IP licensors typically consist of fixed minimum of royalties and royalties equal to a certain percentage of sales of co-branded products. None of the agreements between our IP licensors and us constitutes a material contract. The co-branding collaborations allow us to capitalize on cultural phenomena or influential trends in mass media by featuring their elements in our product design, adding exciting diversity to our products and attracting more consumers to MINISO stores as a result.

## BUSINESS

We have also developed the ability to identify and cultivate new IPs and co-develop them with independent design artists into popular IP products, mostly under our TOP TOY brand. We form close collaboration with talented independent design artists by empowering them with scalable sales channels, real-time consumer feedback, as well as strong supply chain capabilities, which help turn their design ideas efficiently and faithfully into products. Contractually, we retain ownership of the IPs co-developed with independent design artists. As of December 31, 2021, we had co-developed 72 of such IP products under our TOP TOY brand with 3 IP licensors.

As an example of our success in collaboration with independent design artists, we have rolled out a TOP TOY blind box containing one of seven types of the figurine “Strong Lucky Cat” (大力招財貓). The figurine is in the form of a Maneki-neko with a comically large right arm, which is supposed to indicate the elevated strength “Strong Lucky Cat” uses to bring good luck to its owner. The different types of the figurine mostly vary in their color scheme, accessories, and facial expression. The “Strong Lucky Cat” blind box was able to resonate well with our target audience and bring them comfort through its appearance, and the blind box proved popular in sales. “Strong Lucky Cat” was the best-selling among our TOP TOY SKUs during the three-month period from December 1, 2021 to February 28, 2022.

### OUR STORE NETWORK

As of December 31, 2021, we served consumers primarily through a network of over 5,000 MINISO stores, including over 3,100 MINISO stores in China and approximately 1,900 MINISO stores overseas. The following table shows the number of MINISO stores in China and internationally as of the dates presented:

	As of June 30,			As of December 31,	
	2019	2020	2021	2020	2021
<b>Number of MINISO stores</b>					
<b>China</b>	<b>2,311</b>	<b>2,533</b>	<b>2,939</b>	<b>2,768</b>	<b>3,168</b>
Directly operated stores	9	7	5	5	5
Stores operated under MINISO Retail					
Partner model	2,288	2,513	2,919	2,746	3,146
Stores operated under distributor model	14	13	15	17	17
<b>Overseas<sup>1</sup></b>	<b>1,414</b>	<b>1,689</b>	<b>1,810</b>	<b>1,746</b>	<b>1,877</b>
Directly operated stores	74	122	127	105	136
Stores operated under MINISO Retail					
Partner model	165	193	195	194	203
Stores operated under distributor model	1,175	1,374	1,488	1,447	1,538
<b>Total</b>	<b>3,725</b>	<b>4,222</b>	<b>4,749</b>	<b>4,514</b>	<b>5,045</b>

*Note:*

- (1) Overseas stores exclude a small number of stores under certain overseas businesses that we had disposed of as of June 30, 2020. We completed such business disposal during the period from December 2019 to April 2020. See “Financial Information–Discontinued Operations.” After the disposal, these excluded stores may continue to have business transactions with us.

## BUSINESS

The following table shows the number of TOP TOY stores in China as of the dates presented since the launch of TOP TOY in December 2020:

	As of June 30,	As of December 31,	
	2021	2020	2021
<b>Number of TOP TOY stores</b>			
Directly operated stores	2	1	5
Stores operated under MINISO Retail			
Partner model	31	4	84
<b>Total</b>	<b>33</b>	<b>5</b>	<b>89</b>

In addition, we also operate stores under our secondary brand “WonderLife,” which contributed insignificant revenue throughout the Track Record Period (2.7%, 2.9%, 2.5% and 1.8% for the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively). Wonderlife is a lifestyle product brand targeting lower-tier cities in China. As the MINISO brand increasingly penetrates into lower-tier cities in China, the WonderLife brand has become marginalized, as evidenced by its declining revenue contribution since the fiscal year ended June 30, 2021, and the Company expects such trend to continue.

MINISO and TOP TOY stores are neatly organized, well maintained and typically in optimal locations. The standardized layout, decoration and lighting, modestly priced products, and the friendly staff in a MINISO store all contribute to a welcoming ambience for store visitors, who will find the store easy to navigate due to its optimized product arrangement and display. Such standardized store presentation scheme leads to a consistent, distinct style and shopping experience across MINISO stores, reinforcing a uniform brand image to consumers. In our TOP TOY stores, we organize pop toy workshops and shows where consumers can simply enjoy and have fun, bringing consumers an immersive, engaging shopping experience. Below are photos of a typical MINISO store and a typical TOP TOY store in China:

### MINISO Store



### TOP TOY Store



We manage the potential competition or cannibalization among (1) MINISO Retail Partners and distributors; and (2) all stores operated by us, MINISO Retail Partners and distributors primarily through the following measures: (i) Apart from directly-operated stores, stores in each country are primarily operated under the same model. In China, all stores except those in Tibet are operated by MINISO Retail Partners. In overseas markets, except for stores in a few countries directly operated by us, the vast majority of stores are operated under the distributor model. This prevents competition or cannibalization between MINISO Retail Partners and distributors; (ii) In most countries and regions outside China, other than directly-operated stores, stores are operated by one distributor in each country or region or a few distributors operating in different parts of a country or region, which prevents competition or cannibalization among distributors; (iii) We centrally manage and plan for new store openings based on a variety of factors such as the population, economic conditions and market potential of each city, region and country. New store openings by MINISO Retail Partners and distributors and the location of the new stores are subject to our approval. We make recommendations to MINISO Retail Partners and distributors based on the existing store network, the financial strength of the relevant MINISO Retail Partners or distributors, and the local market conditions, taking into account and aiming to minimize the potential competition or cannibalization among stores operated by us, MINISO Retail Partners and distributors.

With respect to the retail sales of the different channels, without taking into account the effect of VAT and sales taxes, (i) with MINISO Retail Partners, we set an agreed percentage of in-store sales proceeds payable by MINISO Retail Partners to us; (ii) with distributors, we generate revenue from sales to distributors, and the price at which we sell to distributors is usually a percentage of the price at which the distributors sells the same products to end customers; and (iii) with our directly operated stores and online sales channels, as we sell directly to end customers, substantially all of the total sales proceeds generated from these channels are retained by us.

## BUSINESS

### Store Operation in China

As of December 31, 2021, apart from five directly operated MINISO stores and five directly operated TOP TOY stores, substantially all of our other MINISO and TOP TOY stores in China were operated under our MINISO Retail Partner model. In approximately one year since the launch of our “TOP TOY” brand, we had opened 89 stores, ranking third in store coverage among major brands in China’s pop toy market as of December 31, 2021, according to the Frost & Sullivan Report. The following table shows the aggregate numbers of MINISO stores in China during the Track Record Period:

	Fiscal year ended June 30,			Six months ended December 31,	
	2019	2020	2021	2020	2021
<b>Number of MINISO stores in China</b>					
<b>Directly operated stores</b>					
Number of stores at the beginning of period	2	9	7	7	5
Number of new stores opened during period	8	3	–	–	1
Number of closed stores during period <sup>1</sup>	1	5	2	2	1
Net increase (decrease) in number of stores during period	7	(2)	(2)	(2)	–
Number of stores at the end of period	9	7	5	5	5
<b>Stores operated under MINISO Retail Partner model</b>					
Number of stores at the beginning of period	2,079	2,288	2,513	2,513	2,919
Number of new stores opened during period	325	393	639	369	348
Number of closed stores during period <sup>1</sup>	116	168	233	136	121
Net increase (decrease) in number of stores during period	209	225	406	233	227
Number of stores at the end of period	2,288	2,513	2,919	2,746	3,146
<b>Stores operated under distributor model</b>					
Number of stores at the beginning of period	12	14	13	13	15
Number of new stores opened during period	2	–	6	6	2
Number of closed stores during period <sup>1</sup>	–	1	4	2	–
Net increase (decrease) in number of stores during period	2	(1)	2	4	2
Number of stores at the end of period	14	13	15	17	17



---

## BUSINESS

---

*Note:*

- 1 The closure of MINISO stores during the Track Record Period was due to various reasons, such as expiration of store leases, increases in store rental, changes in the layout of shopping malls where the stores are located, unprofitableness of certain stores, and closure by MINISO Retail Partners or distributors for other considerations, as applicable.

Our ability to penetrate into various tiers of cities is evidenced by our proven track record of successfully penetrating into various lower-tier cities in China despite our previous experience operating in mostly high-tier Chinese cities. The following table shows the aggregate numbers of MINISO stores in China by city-tiers during the Track Record Period:

	As of				
	As of June 30,			December 31,	
	2019	2020	2021	2020	2021
<b>Number of MINISO stores in China</b>					
First-tier cities	422	453	482	477	472
Second-tier cities	1,083	1,186	1,320	1,262	1,389
Third- or lower-tier cities	806	894	1,137	1,029	1,307
<b>Total</b>	<b>2,311</b>	<b>2,533</b>	<b>2,939</b>	<b>2,768</b>	<b>3,168</b>

Since the launch of TOP TOY in December 2020, we had grown the number of TOP TOY stores in China from 5 as of December 31, 2020 to 33 as of June 30, 2021, and further to 89 as of December 31, 2021. Among the 89 TOP TOY stores as of December 31, 2021, 5 were directly operated, and 84 were operated under the MINISO Retail Partner Model.

The MINISO Retail Partner model is a hybrid store operation model that takes advantageous elements from the franchise store model and the self-operated chain store model, both of which are industry norms. Under this model, we provide operational guidance in the form of store management and consultation services to MINISO Retail Partners, operating in an asset-light manner.

Under our MINISO Retail Partner model, MINISO Retail Partners mobilize their resources to open and operate stores at optimal locations, shouldering the associated capital expenditure and operating expenses. On the other hand, we provide store management and consultation services to MINISO Retail Partners for a fee, retain store inventory ownership until in-store sale to consumers and receive a pre-agreed portion of the sales proceeds. The store management and consultation services optimize and unify store operations in key aspects, mainly including store layout and decoration, interior design, staff training, pricing, product curation and inventory replenishment, to maintain consistent brand image, consumer experience and product pricing across stores. While these key aspects of store operations are standardized, merchandise mix and product display are two primary aspects of store operations that can be customized by MINISO Retail Partner stores. We constantly monitor the operations of MINISO Retail Partner stores to help them customize merchandise mix and product display

---

## BUSINESS

---

at a store level and advise on inventory management on a real-time basis. In general, managers of each store examine and record on the system inventories when they arrive at the stores, and the system records are automatically updated upon the sale of products when store cashiers scan the products. Our MINISO Retail Partners generally examine the inventories held at their stores on a monthly basis, the results of which are recorded on our system and available to us for review. We also conduct comprehensive examinations of inventories for all MINISO Retail Partner-operated stores at least once a year, checking against system data and recording updates as appropriate. Our contractual agreements with MINISO Retail Partners, which include a sales agreement, license agreement, and a store renovation agreement, typically last for three years or less.

Below is a summary of the key contractual terms with our MINISO Retail Partners:

*Payments for goods.* We set an agreed percentage of in-store sales proceeds payable by MINISO Retail Partners to us, while the MINISO Retail Partners keep the remaining in-store sales proceeds. For most of MINISO Retail Partners, sales proceeds generated from the stores they operate are deposited in an escrow account with a commercial bank, which will automatically fund the relevant portions to our account and the account of MINISO Retail Partners based on pre-agreed percentage between MINISO Retail Partners and us. We check sales proceeds data against bank account information on a daily basis. Please refer to note 2(u)(i) to the Accountant's Report in Appendix IA to this document for more details.

*Management of stores.* Under our license agreements, we provide store management and consultation service to our MINISO Retail Partners in return for a store management and consultation services fee and a sales-based royalty, each equal to a low single-digit percentage of in-store sales proceeds, payable by MINISO Retail Partners at the close of every business day. MINISO Retail Partners pay for store operating expenses, including logistics costs from product delivery to their stores.

*Term/duration.* The terms of our contracts with MINISO Retail Partners are generally not more than three years and renewable upon negotiation prior to the termination of the agreement.

*Termination.* Prior to expiration of contractual term, these agreements can typically be terminated under force majeure events, by mutual agreement or due to bankruptcy or certain breaches of contractual obligations by either party, such as failure to pay fees due, assignment of contractual rights without the other party's permission, MINISO Retail Partner selling counterfeit products or products not procured from us in its store, and MINISO Retail Partner not opening a store within an agreed time frame.

*Location and renovation.* MINISO Retail Partners are not able to open stores at a non-designated location. We recommend providers for store renovation and decoration for the MINISO Retail Partners, with the associated costs being borne by them.



---

## BUSINESS

---

*Product offering and pricing.* MINISO Retail Partners shall only offer products supplied by us. They are able to set the retail price of the products to be sold in store within five percent of the price recommended by us for the same products with our written consent.

*Licensing rights.* MINISO Retail Partners are not able to have sub-contractors or sub-distributors or otherwise assign the rights under the licensing agreements to a third party without our prior written consent. A fixed annual license fee of between RMB0 and RMB100,000 is to be paid by MINISO Retail Partners on a per-store basis. The license fees for our MINISO Retail Partners are determined based on tiers of cities and number of stores the relevant MINISO Retail Partner owns. We typically charge higher license fees in first-tier cities and charge less in second- or lower-tier cities. We may charge certain MINISO Retail Partners who own multiple MINISO stores at a preferential rate. We may waive license fees for MINISO Retail Partners who operate a large number of stores, and we waived such fees for certain MINISO Retail Partners during the COVID-19 pandemic to alleviate the impact of the pandemic. Among the 3,349 stores operated under the MINISO Retail Partner model as of December 31, 2021, we recorded license fees of RMB0-30,000 for 1,779 stores, RMB30,000-50,000 for 1,006 stores, and RMB50,000-100,000 for 564 stores in 2021.

*Inventory.* The goods we dispatch to MINISO Retail Partners' premise for sale are under our inventory ownership until the goods are sold to consumers. In general, we do not have any obligation or practice to accept any return of unsold products, except in rare cases such as a latent defect that is spotted before putting on the shelf or wears and tears of unsold products resulting from transportation, which is in line with industry practice, according to the Frost & Sullivan Report. With respect to MINISO Retail Partners, our product return rates as a percentage of total GMV during the Track Record Period were below 1.0%. MINISO Retail Partners are generally required to place an inventory deposit with us, which generally covers the estimated maximum value of inventories held by the relevant MINISO Retail Partners at their stores at a point of time during the period of time in which they act as our MINISO Retail Partners. Generally, inventory deposits are returned to MINISO Retail Partners upon the termination of their relationship with us. We may deduct from the deposit unsettled amounts payable by the MINISO Retail Partners to us, if any, under the relevant agreements.

We usually choose MINISO Retail Partners with financial strength and strong local ties who can secure optimal locations for new stores, with our other main criteria for selecting MINISO Retail Partners being their management ability and industry experience. Most of our MINISO Retail Partners are individuals and many of our large MINISO Retail Partners are experienced retailers who own and operate retail stores in various sectors, such as apparel, cosmetics, lifestyle products and others. We have demonstrated a proven track record to rapidly build up our store network in tier-one and tier-two cities in China and successfully penetrate into lower-tier cities with our newly opened MINISO stores mainly located in lower-tier cities in China. Following the trajectory of our MINISO store network, we have typically positioned our new TOP TOY stores in core commercial areas in first- and second-tier cities since China at the inception of the TOP TOY brand. We verify the potential MINISO Retail Partners' financial strength by examining the content and status of their lease agreements for the store locations and monitoring whether they pay all upfront deposits on time.

## BUSINESS

As of the Latest Practicable Date, to our knowledge, all of our MINISO Retail Partners in China were Independent Third Parties. We are the seller of products in our relationship with MINISO Retail Partners. We believe that our sales to MINISO Retail Partners during the Track Record Period reflected genuine market demand and there was effective management and control over the inventory levels. We recognize revenue from product sales to MINISO Retail Partners when they sell the products to end-customers in their own MINISO or TOP TOY stores. We do not impose a minimum purchase or sale target on our MINISO Retail Partners. For more details regarding our revenue recognition policies, please refer to note 2(u)(i) to the Accountants' Report in Appendix IA to this document.

The MINISO Retail Partner model represents a mutually beneficial relationship between us and the MINISO Retail Partners, where we achieve rapid store network expansion with consistent brand image and consumer experience in an asset-light manner, and our MINISO Retail Partners attain attractive investment opportunities. Based on a survey conducted by Frost & Sullivan, our MINISO Retail Partners in China generally recover their store investment in a period of 12 to 15 months after store opening. Our MINISO Retail Partners are also motivated to maintain a loyal relationship with us. As of December 31, 2021, 475 of our 860 MINISO Retail Partners had invested in MINISO stores for over three years.

We plan to focus on establishing and reinforcing the recognition of the TOP TOY brand and expanding our TOP TOY store network in first- and second-tier cities in China in the near future while also expanding into lower-tier cities. For expansion of our MINISO store network in China, our efforts will be focused on penetration into lower-tier cities as we have established a strong presence in more developed cities.

The following tables show the number of our MINISO Retail Partners in China during the Track Record Period. We only had one distributor for the MINISO brand in Tibet in China throughout the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, there has been no conversion of our collaboration partners in China from a MINISO Retail Partner to a distributor, or vice versa.

	<b>Fiscal year ended June 30,</b>			<b>Six months ended December 31,</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
Number of MINISO Retail Partners at beginning of period <sup>1</sup>	714	721	742	742	821
Number of new MINISO Retail Partners during period <sup>2</sup>	71	72	177	107	97
Number of terminated MINISO Retail Partners during period <sup>3</sup>	64	51	98	70	47
Net increase in number of MINISO Retail Partners during period <sup>2</sup>	7	21	79	37	50
Number of MINISO Retail Partners at end of period <sup>1</sup>	721	742	821	779	871

---

## BUSINESS

---

*Notes:*

- (1) Number of MINISO Retail Partners at a given date is calculated based on the number of individuals and entities with effective contractual relationships with us at that date.
- (2) We added 71, 72 and 177 new MINISO Retail Partners in the fiscal years ended June 30, 2019, 2020 and 2021, respectively. The increase in the number of new MINISO Retail Partners in the fiscal year ended June 30, 2021 was mainly due to a shift in focus of our store expansion strategy in China from first- and second-tier cities to lower-tier cities starting from 2021. Compared to first- and second-tier cities, there are many more lower-tier cities in China, which demands us to cooperate with many more long-tail MINISO Retail Partners with local resources for store expansion purposes.
- (3) The number of terminated MINISO Retail Partners increased to 98 in the fiscal year ended June 30, 2021 from 51 in the previous fiscal year, primarily due to the impact of the COVID-19 pandemic that significantly affected the performance of a number of MINISO stores in that period, and, to a lesser extent, our shift in focus of our store expansion strategy to lower-tier cities, as a result of which the number of terminated MINISO Retail Partners increased as we cooperated with more and more long-tail MINISO Retail Partners.

Our TOP TOY stores are operated under the MINISO Partner Model as well. Among the MINISO Retail Partners shown in the table above, we had 6 and 11 MINISO Retail Partners operating TOP TOY stores as of June 30, 2021 and December 31, 2021, respectively.

### **Store Operation Overseas**

We have adopted flexible store operation models, including direct operation, MINISO Retail Partner model and the distributor model as we expand our global footprints, depending on the growth potential, local regulation and other factors in the markets. In consideration of the evolving local regulatory requirements, market conditions and their operational needs, our overseas franchisees may sometimes convert from a MINISO Retail Partner to a distributor, or vice versa.

As of December 31, 2021, in international markets, there were over 130 stores directly operated by us and over 1,700 MINISO Retail Partner stores and stores under the distributor model. As of the Latest Practicable Date, to our knowledge, except for one distributor that is controlled by Mr. Ye, our chairman and chief executive officer, and another distributor which has a minority shareholding in one of our subsidiaries, all of our overseas Retail Partners and distributors were Independent Third Parties. For each fiscal year of the Track Record Period and for the six months ended December 31, 2021, the respective transaction amount with these two distributors accounted for insignificant percentages of our total revenue. The following table shows the aggregate numbers of MINISO stores in overseas markets during the Track Record Period.

---

**BUSINESS**

---

	<b>Fiscal year ended June 30,</b>			<b>Six months ended December 31,</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
<b>Number of MINISO stores in overseas markets</b>					
<b>Directly operated stores</b>					
Number of stores at the beginning of period	50	74	122	122	127
Number of new stores opened during period	29	52	27	1	20
Number of closed stores during period <sup>1</sup>	5	4	22	18	11
Net increase (decrease) in number of stores during period	24	48	5	(17)	9
Number of stores at the end of period	74	122	127	105	136
<b>Stores operated under MINISO Retail Partner model</b>					
Number of stores at the beginning of period	124	165	193	193	195
Number of new stores opened during period	45	28	16	14	10
Number of closed stores during period <sup>1</sup>	4	–	14	13	2
Net increase in number of stores during period	41	28	2	1	8
Number of stores at the end of period	165	193	195	194	203
<b>Stores operated under distributor model</b>					
Number of stores at the beginning of period	688	1,175	1,374	1,374	1,488
Number of new stores opened during period	561	357	254	139	127
Number of closed stores during period <sup>1</sup>	74	158	140	66	77
Net increase in number of stores during period	487	199	114	73	50
Number of stores at the end of period	1,175	1,374	1,488	1,447	1,538

*Note:*

- 1 The closure of MINISO stores during the Track Record Period was due to various reasons, such as expiration of store leases, increases in store rental, changes in the layout of shopping malls where the stores are located, unprofitableness of certain stores, and closure by MINISO Retail Partners or distributors for other considerations, as applicable.

---

## BUSINESS

---

In the majority of international markets, we expand our store network by collaborating with local distributors with abundant local resources and retail experiences. When selecting local distributors, we prioritize those with financial strength and sufficient resources to open MINISO stores at optimal locations, while also considering the distributor's management ability and industry experience. Our distributors are primarily corporates, and the nature of the business operation of our distributors is diverse, such as fashion, mobile communication retail, food retail, consulting and household goods retail. Such distributor model is an industry norm and allows us to effectively expand in international markets leveraging the financial resources and market experience of the local distributors.

We are the seller of products in our relationship with distributors. We believe that our sales to distributors during the Track Record Period reflected genuine market demand and there was effective management and control over the inventory levels held by our distributors. In order to mitigate channel stuffing risks, we have adopted stringent control measures, including but not limited to: (i) collecting inventory and sales data from each overseas markets and making quarterly analysis; and (ii) conducting site visits to and inventory examinations of overseas stores. We conduct such data collection, visits and examinations regularly to monitor the sales, inventory levels, and quality control of our distributors. Through these activities, we monitor our distributors' compliance with the terms and conditions of the relevant agreements and any potential risks in relation to channel stuffing. If we discover non-compliant issues or risks, we conduct further investigation, notify the relevant distributors, work with the distributors to take rectification or mitigation measures, or terminate the distributor relationship. In addition, we generally require our distributors to make advance payments in full for our products. We typically do not accept any return of unsold products, except in rare cases such as a latent defect subject to a product recall, which is in line with industry practice, according to the Frost & Sullivan Report. We also do not impose a minimum purchase or sale target on our distributors. We did not experience abnormal increases in revenues generated through distributors or significant product returns in the Track Record Period. With respect to distributors, our product return rates as a percentage of total GMV during the Track Record Period were close to zero. During the Track Record Period, we maintained generally stable and healthy relationships with our distributors. We recognize revenue from product sales to distributors when the products are shipped from or delivered to the locations specified in our sales agreements with the distributors, at which point the distributors take ownership of the products and assume the risk of loss. For more details regarding our revenue recognition policies, please refer to note 2(u)(i) to the Accountants' Report in Appendix IA to this document.

---

## BUSINESS

---

Under the distributor model, we typically enter into a license agreement and a sales agreement with each of our local distributors. Below is a summary of the key contractual terms with our distributors:

*Product offering and pricing.* We grant our local distributors an exclusive right to establish MINISO stores in certain licensed territories. Our local distributors also have pricing right over the inventory sold in store, although we normally have contractual terms that allow us to recommend product pricing. Without our written consent, our local distributors are not allowed to sell in the licensed MINISO stores any products that are not our MINISO branded products. Our local distributors can only sell our products through licensed MINISO stores within licensed territories, any breach of such license will entitle us to terminate the sale agreement with such local distributor and claim damages.

*Intellectual property rights.* In order to maintain a consistent brand image and a minimum level of monitoring of the operations of MINISO stores operated by our local distributors, we license our local distributors to use our intellectual property rights such as brand name and trademarks in the licensed territories in a manner pursuant to the license agreements such as no further sublicense of our intellectual properties and using such intellectual properties without prejudicing our rights to such intellectual properties. Any breach of such intellectual property license provisions may be deemed to be a material breach.

*License fee.* We typically charge a fixed amount of license fee between RMB0 and RMB6,000,000 for such license. The license fees for our distributors are determined based on various factors, including but not limited to location of the store, local economic conditions and number of stores the relevant distributor owns. The license fees for our distributors are normally a one-off payment. We may grant preferential license fees to distributors who operate multiple stores. We may waive license fees for distributors who operate a large number of stores and/or with whom we have had a long-term relationship.

*Obligations of distributors.* We require our local distributors to deposit with us a compliance deposit to ensure that our local distributors perform their obligations under the license agreements. The license agreements also set forth certain targets for number of new stores. Failing to meet such targets by our local distributors may be construed as a material breach under the license agreements.

*Operational standards and store management.* The license agreements set out a set of operational standards for our local distributors to follow and we have the right to supervise the operation of MINISO stores by our local distributors. Though we do not have the same level of operational involvement with the local distributors as we do with MINISO Retail Partners, we provide assistance to them in many ways to ensure consistent store quality, management style and image, which include provision of staff training and other guidance in terms of store operation.

---

## BUSINESS

---

*Term.* Our license agreements and sales agreements usually have a term of two to ten years. In the event of material breaches by our local distributors, we will be entitled to (i) confiscate the compliance deposit and seek additional damages if the compliance deposit cannot fully cover the losses we incurred, and (ii) unilaterally terminate the license agreements.

*Sub-licensing.* Our distributors typically do not have the right to sub-contract or sub-license their rights under the license agreement without our express written consent. Once we consent, our distributors are generally entitled to choose their sub-contractors or sub-distributors and negotiate the transaction terms directly with them. We typically do not have any contractual relationship with any sub-contractors or sub-distributors and do not control or deal with them directly, as our distributors enter into contractual relationship with and manage their sub-contractors or sub-distributors directly.

*Inventory.* Generally inventory ownership is transferred to distributors when inventory is shipped from or delivered to the locations specified in sales agreements. In general, we do not have any obligation or practice to accept any return of unsold products, except in rare cases such as a latent defect subject to a product recall.

The distributor model differs from the MINISO Retail Partner model in a few key facets. Operationally, although we have the right to supervise the operation of distributor stores to ensure that they adhere to certain operational standards, we do not provide store management and consultation services to distributors and have less operational involvement with them. In terms of product sales, generally inventory ownership is transferred to distributors when inventory is on board, while we retain inventory ownership until in-store sale to consumers under the MINISO Retail Partner model. In our agreements with MINISO Retail Partners, there is no equivalent to the performance targets in our license agreements with distributors, which usually specify the number of MINISO stores the distributors must open and successfully operate in their licensed territory within an agreed time frame.

In strategic markets with large population and huge market potential such as North America and India, we typically enter the markets by opening and operating stores on our own, which are meant to serve as pioneer stores in the region. In this way, we can more efficiently and directly gain local consumer insights and operational know-how. When local business partners become interested after seeing the performance of our pioneer stores, we invite some of them to join under our MINISO Retail Partner model or distributor model to more rapidly expand our store network in these markets.



---

## BUSINESS

---

The following table shows the number of our distributors in overseas markets during the Track Record Period.

	<b>Fiscal year ended June 30,</b>			<b>Six months ended December 31,</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Number of distributors at beginning of period <sup>1</sup>	47	116	145	145	170
Number of new distributors during period <sup>2</sup>	72	37	34	18	20
Number of terminated distributors during period <sup>2</sup>	3	8	9	4	11
Net increase in number of distributors during period <sup>3</sup>	69	29	25	14	9
Number of distributors at end of period <sup>1</sup>	116	145	170	159	179

*Notes:*

- (1) Number of distributors at a given date is calculated based on the number of individuals and entities with effective contractual relationships with us at that date.
- (2) Change of contracting entities by the same distributor is not taken into account in the calculation of numbers of new or terminated distributors.
- (3) We added 69, 29 and 25 distributors in the fiscal years ended June 30, 2019, 2020 and 2021, respectively, primarily due to (i) our expansion into a substantial number of countries and regions in the fiscal year ended June 30, 2019 that led to a high number of new distributors during that period, and (ii) the negative impact of the COVID-19 on the international markets in the fiscal years ended June 30, 2020 and 2021.

As of June 30, 2019, 2020 and 2021 and December 31, 2020 and 2021, we had 22, 29, 28, 27 and 31 MINISO Retail Partners in overseas markets, respectively.

## BUSINESS

### Other Key Operating Data

The following tables set forth certain of our key operating data other than store numbers for the periods indicated:

	Fiscal year ended June 30,			Six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>(RMB in millions)</i>				
<b>MINISO stores in China<sup>1</sup></b>					
Total GMV	10,110	8,818	10,406	5,142	5,616
Annualized average revenue per					
MINISO store	2.8	2.4	2.5	2.5	2.5
Number of transactions (in millions)	290.4	254.6	305.7	151.0	154.2
Sales volume of SKUs (in millions)	806.0	761.0	904.0	442.0	474.1
Average spending per transaction					
(RMB)	34.8	34.6	34.0	34.1	36.4
Average selling price (RMB)	12.5	11.6	11.5	11.6	11.8
<b>MINISO stores in overseas markets<sup>1</sup></b>					
Total GMV <sup>2</sup>	6,819	6,547	4,860	2,608	3,228
Asian countries excluding China <sup>2</sup>	3,734	3,245	2,221	1,213	1,305
Americas <sup>2</sup>	2,191	2,426	1,813	962	1,368
Europe	182	246	276	153	254
Others	712	629	550	281	300
Annualized average revenue per					
MINISO store <sup>2</sup>	2.7	1.9	1.0	0.9	1.5
Asian countries excluding China <sup>2</sup>	2.4	1.6	1.0	0.9	1.1
Americas <sup>2</sup>	4.2	2.9	1.2	1.1	2.3
Europe	3.3	2.4	1.2	1.4	1.8
Others	0.9	0.7	0.6	0.6	0.5

*Notes:*

- (1) Annualized average revenue per MINISO store is annualized revenue calculated by dividing (a) revenue of MINISO brand (excluding Africa and Germany before 2021) by (b) the average of number of stores at the beginning and the end of the relevant period. The data of total GMV, number of transactions, sales volume of SKUs, average spending per transaction and average selling price includes data from offline channels only.
- (2) Total GMV of MINISO stores in overseas markets decreased from RMB6,547 million in the fiscal year ended June 30, 2020 to RMB4,860 million in the fiscal year ended June 30, 2021, mainly due to the negative impact of the COVID-19 pandemic to our overseas stores, especially in Asian countries excluding China and Americas, which were our largest and second largest overseas markets in terms of store count and GMV, respectively. A similar trend was seen in annualized average revenue per MINISO store, which was similarly primarily a result of the negative impact of COVID-19.

Our TOP TOY stores started operating in December 2020 in China. For the fiscal year ended June 30, 2021, and for the six months ended December 31, 2020 and December 31, 2021, (i) total GMV of TOP TOY stores was RMB86.3 million, RMB2.7 million and RMB253.6

## BUSINESS

million, respectively, (ii) annualized average revenue per TOP TOY store was RMB6.0 million, RMB2.1 million and RMB7.9 million, respectively, (iii) number of transactions of TOP TOY stores was 0.6 million, 12.5 thousand and 2.0 million, respectively, (iv) sales volume of SKUs of TOP TOY stores was RMB1.2 million, RMB31.3 thousand and RMB3.6 million, respectively, (v) average spending per transaction in TOP TOY stores was RMB136.3, RMB219.4 and RMB129.0, respectively, and (vi) average selling price in TOP TOY stores was RMB70.5, RMB87.8 and RMB69.8, respectively. Annualized average revenue per TOP TOY store is annualized revenue calculated by dividing (a) revenue of TOP TOY brand by (b) the average of number of stores at the beginning and the end of the relevant period. The data of total GMV, number of transactions, sales volume of SKUs, average spending per transaction and average selling price includes data from offline channels only.

The following table sets forth the GMV through online channels of MINISO stores in China for the periods indicated:

	Fiscal year ended June 30,			Six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>(RMB in millions)</i>				

### MINISO stores in China

Total GMV through online channels <sup>1</sup>	141	339	739	326	412
--	-----	-----	-----	-----	-----

*Note:*

- (1) Excludes GMV through O2O platforms which is accounted for in GMV through offline channels.

The following table sets forth the average number of stores operated of MINISO Retail Partners and distributors as of the dates presented:

	As of June 30,			As of December 31,	
	2019	2020	2021	2020	2021
	<b>MINISO Retail Partners</b>				
Average number of stores operated <sup>1</sup>	3.2	3.4	3.6	3.6	3.7
<b>Distributors</b>					
Average number of stores operated <sup>2</sup>	11.4	9.8	9.1	9.3	8.7

*Notes:*

- (1) Average number of stores operated by MINISO Retail Partners is calculated by dividing the average of number of stores operated under the MINISO Retail Partner model at the beginning and the end of the relevant period by the average of number of MINISO Retail Partners at the beginning and the end of the relevant period.
- (2) Average number of stores operated by distributors is calculated by dividing the average of number of stores operated under the distributor model at the beginning and the end of the relevant period by the average of number of distributors at the beginning and the end of the relevant period.

## **SALES AND MARKETING**

### **Sales Channels**

We sell the majority of our products through our extensive offline store network, but we have also started to develop online sales channels, which have become increasingly important. Our sales channels mainly comprise the following:

*MINISO stores.* As of December 31, 2021, there were over 5,000 MINISO stores across the globe, with over 3,100 MINISO stores in China and about 1,900 MINISO stores overseas.

*TOP TOY stores and shops.* As of December 31, 2021, there were 89 TOP TOY stores, all of which were located in China. In addition to the TOP TOY stores, we also had a small number of roboshops to sell our TOP TOY products as of December 31, 2021.

*Online channels.* We supplement our offline store network by accepting online orders via our Weixin mini-programs, online distributors and our online stores on major third-party e-commerce and O2O platforms. Consumers may order products to be delivered from either local MINISO and TOP TOY stores or from our warehouses using either type of these online sales channels.

### **Marketing and Consumer Engagement**

We believe our wide assortment of trendy, innovative and affordable products are what draw consumers to visit MINISO and TOP TOY stores, and the shopping experience at MINISO and TOP TOY stores also helps turn store visitors into repeat visitors or purchasers. To promote our brand image, we have launched various marketing initiatives, including the appointment of celebrity brand ambassadors and featuring them in promotional material, marketing through video and short-video platforms, and KOL promotion on livestreams, with online and social media-based marketing and promotion efforts being our focus going forward. Specifically, our membership program and store-based consumer community are two marketing and consumer engagement measures that have proved particularly effective in China.

*Membership program.* We launched our MINISO membership program in China in August 2018. As of June 30, 2019, 2020, and 2021, the number of MINISO members with at least one purchase over the past 12 months was approximately 5 million, 19 million and 27 million, respectively, and as of December 31, 2021, the number of MINISO members with at least one purchase over the past six months was approximately 28 million. Our MINISO membership is structured in two tiers – premium membership and free membership, with the former requiring a membership fee but also enjoying more membership benefits than the latter. For example, premium members are entitled to special prices for select products and additional discounts on top of promotions both in store and on our Weixin mini-programs. The premium membership program was launched in China in April 2021. As of December 31, 2021, we had accumulated approximately 305 thousand premium members. In the six months ended December 31, 2021, we generated GMV of approximately RMB110 million from our premium members in China.

---

## BUSINESS

---

As of June 30, 2021, the number of TOP TOY members with at least one purchase over the past 12 months was approximately 387 thousand, and as of December 31, 2021, the number of TOP TOY members with at least one purchase over the past six months was approximately 979 thousand. The successful implementation of the membership program has driven customer spending. Our membership program also provides valuable consumer data that allow us to personalize our digital marketing efforts and has been key to our multi-channel customer engagement strategy.

*Store-based consumer community.* MINISO and TOP TOY stores in China generally display a QR code that allows consumers visiting the stores to join the stores' Weixin groups, which are managed by our specialists. These specialists keep consumers constantly engaged by sharing mainly product-related information and promotion, sometimes in livestreaming format, in these Weixin groups. Consumers who are group participants may be enticed to shop for our products.

In the quarter ended December 31, 2021, through our consumer engagement efforts, the number of average monthly active users of MINISO's Weixin mini-program reached more than 7 million.

### OUR SUPPLY CHAIN

Our supply chain capabilities allow us to offer an evolving assortment of quality products at exceptional value.

#### Our Suppliers

As of December 31, 2021, we sourced from over 1,000 suppliers, who are mostly qualified manufacturers in China, with some having extensive experience in supplying to other global brands. Procurement costs of our five largest suppliers for the fiscal years ended June 30, 2019, 2020, and 2021 and the six months ended December 31, 2021 accounted for 11.2%, 9.9%, 9.7%, and 8.4%, respectively, of our total purchases during the same periods. Procurement costs of our largest supplier for the fiscal years ended June 30, 2019, 2020, and 2021 and the six months ended December 31, 2021 accounted for 2.9%, 3.2%, 2.1% and 1.9%, respectively, of our total purchases during the same periods.

The principal business of our five largest suppliers during the Track Record Period was manufacturing of (i) fragrance, cosmetics, and skin-care products, (ii) household and cleaning products, (iii) gifts, toys, and art crafts, (iv) textile, clothes, shoes, and bags, and (v) accessories and stationary products, respectively. We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply.

---

## BUSINESS

---

During the Track Record Period and up to the Latest Practicable Date, other than Shanghai Kerong Networks Limited, in which our Director, Mr. Ye, had a 20% equity interest, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than five percent of our issued share capital) had any interest in any of our five largest suppliers.

We carefully nurture our relationship with suppliers and empower them to grow with us and adapt to our changing business needs. We select our suppliers mainly based on their production quality, capacity and reputation and position within their respective industry.

We involve our suppliers throughout our supply chain process, from product design to product shipment. In the product design stage, our product managers will solicit our suppliers' input and feedback on preliminary product designs. After a product is launched to market, our suppliers, being digitally integrated into our supply chain management system, will manufacture products based on orders automatically generated by the system based on real-time inventory level and sales data and confirmed by us. When the products are produced, our suppliers in China will generally also manage product shipment from their sites to our warehouses, subject to our instructions as to delivery location and timeliness. This thorough supplier involvement throughout the supply chain process via digital integration, coupled with the close working relationships with qualified suppliers fostered by our large procurement volumes and punctual payments to them, are the key reasons why we can operate an efficient supply chain, maintain a vast portfolio of core SKUs, frequently launch a sizeable number of new SKUs, and maintain competitive cost advantages; we do not rely on agreements with suppliers to achieve these goals.

We operate a centralized procurement system when sourcing from our suppliers. We digitally integrate our suppliers and streamline the supply chain process through our SCM (supply chain management) system. To illustrate, assume we are in the process of developing a new series of products and anticipates that our sales volume for the next three months after the launch will reach a certain level based on the sales plan. We will share such plan with our suppliers for this series of products over the SCM system and grant them access to the real-time sales data on the SCM system. The suppliers will then order raw materials and plan for manufacturing and logistics accordingly based on the three-month plan. If, one month after the launch, the suppliers see on the SCM system that the actual sales at our stores exceeded the original estimate, they will promptly adjust their manufacturing timetable and accelerate manufacturing and delivery to meet the higher-than-expected demand. If, on the other hand, the suppliers see that the demand has been lower than expected, as reflected in the real-time sales data on the SCM system, they can also adjust their plans to avoid oversupply and manage inventory risks. On the SCM system, warehouse information such as operation hours and capacity is available, and suppliers are able to reserve warehouse time slots and third-party logistics services as needed. For more information of our warehouses and logistics, see “–Warehouses and Logistics.”

---

## BUSINESS

---

We have been strengthening our cooperation with existing qualified suppliers and attracting new capable suppliers. We further optimize our supply chain by regularly providing improvement advice to our suppliers on various production-related areas, including product quality, production efficiency, and cost control, so that supply chain optimization becomes an ongoing process. We have also sent experts to important suppliers to help them optimize production efficiency and cost control on site, among other production related areas.

Our framework agreements with our suppliers are legally binding and typically contain the following salient terms:

*Product delivery.* Our framework agreements with suppliers usually include terms to ensure that our suppliers will adhere to our delivery instructions, such as those stipulating our suppliers' obligations to pay liquidated damages for their failure to deliver goods on time.

*Quality control.* Our framework agreements with suppliers usually include terms that require supplier to obey our quality control standards, such as those stipulating our suppliers' obligations to compensate us for losses arising from defects in product quality.

*Breach of contract.* Our framework agreements with suppliers usually include terms of liability for breach of contract, such as that suppliers shall repair, replace, or recall the relevant products according to our requirements and bear the costs incurred thereby for providing products with quality problems.

*Intellectual property rights.* Our framework agreements with suppliers usually include terms to ensure that our suppliers provide products that are free from IP defects including potential infringement of the legitimate rights and interests of any third party. Suppliers' failure to meet such requirements will entitle us to terminate the agreement with such supplier in certain circumstances and claim damages.

*Confidentiality.* Our suppliers shall take adequate measures to keep all sensitive information from us strictly confidential. Suppliers and other relevant responsible parties shall be jointly and severally liable for our losses due to unauthorized disclosure of our business secrets and intellectual property information.

*Term/duration.* Our framework agreements with suppliers are usually of a term of two years.

Our Directors have confirmed that during the Track Record Period and up to the Latest Practicable Date, none of our suppliers had materially breached our agreement terms, and we did not have any material dispute with our suppliers.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages, price fluctuations or delay in supply of raw materials, water and electricity.



### Production

We outsourced the production of our products to third party manufacturers during the Track Record Period. Leveraging China's strong supply chain capabilities in the lifestyle product sector, we sourced our products from over 1,000 suppliers as of December 31, 2021. We outsource our products production primarily through the original equipment manufacturer ("OEM") or original design manufacturer ("ODM") model, primarily because (i) these suppliers are mostly qualified manufacturers in China, with some having extensive supplying experience in the lifestyle products sector, and thus the OEM/ODM model allows us to optimize the manufacturing capacities and design resources of the suppliers to help our business development, (ii) the OEM/ODM model allows us to meet our demand for rapid product development so that we are able to have more flexibilities to maintain a diverse and frequently refreshed product portfolio, and (iii) the outsourcing arrangements allow us to control and manage product costs and better manage and minimize investment risks. We leverage our design capabilities and participate in product design with both OEMs and ODMs but are generally more deeply involved in the design process with OEMs. As such, we typically use ODMs to directly manage and take charge of the development and design of more standard products as these products require less design efforts from our own product managers and designers; and we typically use OEMs more often for products that require or allow new design ideas and concepts as our product managers and designers can work with OEMs to refine product design and prototype leveraging the manufacturing expertise of OEMs and their inputs on production feasibility. In some cases, we purchase certain products directly from suppliers without participating in the product design process, but the sales contribution of such products in China was merely 0.01%, 0.74%, 1.39% and 1.22% in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively.

We select our suppliers based on various factors, but we generally prioritize industry leaders such as those with a long history of operation, a good reputation or publicly listed companies. Other factors considered include, production quality, capacity, price, compliance with applicable laws and regulations, history of cooperation and intention to grow with us and adapt to our changing business needs. For details of the key terms of the agreements with our manufacturers, see "Our Suppliers."

We have been strengthening our cooperation with existing qualified suppliers and attracting new capable suppliers by regularly providing improvement advice to our suppliers on various production-related matters, including product quality, production efficiency and cost control, so as to constantly optimize our supply chain. We generally manage our relationship with suppliers including third-party manufacturers in the following aspects:

- (i) *Supplier selection.* We deploy a series of quality control procedures since the onboarding of our suppliers. Suppliers are required to go through detailed and comprehensive qualification and ability verification. In addition, we have a third-party factory inspection mechanism to conduct quality check and ESG

---

## BUSINESS

---

assessment. We have also in place a series of stringent standards such as product quality standards, testing manuals, and supplier quality behaviour agreements to conduct quality inspection on our products.

- (ii) *Quality control.* We have in place digitalized quality control systems including a supplier quality control system and a big-data quality risk control system. See “Our Technology” for details.
- (iii) *SCM system and lead-time management.* We digitally integrate our suppliers and streamline the supply chain process through our SCM system. See “Our Suppliers” for details.
- (iv) *Product liability.* Our framework agreements with our suppliers are legally binding and have terms that ensure our suppliers will adhere to our delivery instructions and quality control standards, such as those stipulating our suppliers’ obligations to pay liquidated damages for their failure to deliver goods on time and to compensate us for losses arising from defects in product quality.

We have adopted measures to prevent the risk of over-reliance on certain product suppliers. Given our diverse product portfolio and frequently refreshed SKUs, currently no supplier has an outsized impact on our business operations. We believe we have sufficient alternative suppliers for our business that represent alternatives of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply.

### **Our Supply Chain Management System**

We utilize our supply chain management system to maintain close collaboration with our suppliers and deeply integrate them into our product development and inventory management process. Our supply chain management system allows us to plan, manage, monitor and coordinate on every step of the supply chain process, improve inventory management, and shorten order and reorder lead time. For example, the merchandising and procurement module of this system automatically generates orders and reorders of appropriate size to suppliers based on real-time inventory level and store-level sales forecast, streamlining the order and reorder processes. In addition, the automated replenishment module of this system regulates the store-level inventory replenishment process, and calculates just-in-time adjustment among stores for slow-moving SKUs to optimize our network-wide merchandise mix while mitigating inventory risk.

With the help of our supply chain management system, our inventory management is highly efficient, and we had average inventory turnover of 63 days, 78 days, 79 days, and 68 days in the fiscal years ended June 30, 2019, 2020, and 2021 and the six months ended December 31, 2021, respectively.

---

## BUSINESS

---

### Quality Control

We have stringent quality assurance and control procedures in place to ensure supplier compliance with our product safety and quality standards. Suppliers have to undergo on-boarding procedures with a rigorous quality screening process before we begin working with them. In addition, our framework agreements with suppliers have clauses that ensure a baseline quality of the products produced by the suppliers, including those related to technical specification, quality specification, inspection standards, and defective product handling. Upon receipt of product shipments from suppliers, we perform quality inspection on random samples to detect any quality issue. We also pay regular visits to our suppliers to ensure that their facilities, equipment and finished products are up to our standards. We also have online quality control systems that visualize our standard quality inspection procedures and allows us to coordinate with our suppliers, MINISO Retail Partners and distributors on detecting and correcting any quality issues.

### Warehouses and Logistics

As of December 31, 2021, our products were distributed through our 20 leased warehouses, 12 of which were located in China. We distribute products out of each warehouse mostly to nearby markets, while also using some of our warehouses in China to distribute to international markets.

In China, suppliers are generally responsible for delivering products to our warehouses either by themselves or through third-party logistics service providers. Generally, in international markets, a majority of products are from our operation in China, which are delivered to the local warehouses by third-party logistics service providers engaged by us, while a minority of products are from local suppliers, which are delivered by these local suppliers or third-party logistics service providers engaged by them to local warehouses.

Products are distributed from our warehouses to MINISO stores (other than those operated by local distributors) at a frequency depending on demand, and shipments are allocated dynamically based on real-time consumer demand and inventory data.

### OUR CUSTOMERS

Our major customers are our MINISO Retail Partners and distributors. The major countries where we sell our products include China, Mexico, the United States, Canada, Indonesia, and India. Revenues from our five largest customers for the fiscal years ended June 30, 2019, 2020, and 2021 and the six months ended December 31, 2021 accounted for 26.6%, 25.1%, 19.8%, and 21.3%, respectively, of our total revenues during the same periods. The principal business of each of our five largest customers during the Track Record Period is lifestyle products retail. In the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, our largest customer, a lifestyle products retailer with whom we have had a relationship since 2013, purchased lifestyle products and pop toys from us in the amount of RMB978.9 million, RMB878.6 million, RMB941.5 million and RMB438.4 million, accounting for 10.4%, 9.8%, 10.4% and 8.1% of our total revenue, respectively. In the same periods, our second largest customer, another lifestyle products retailer with whom we

---

## BUSINESS

---

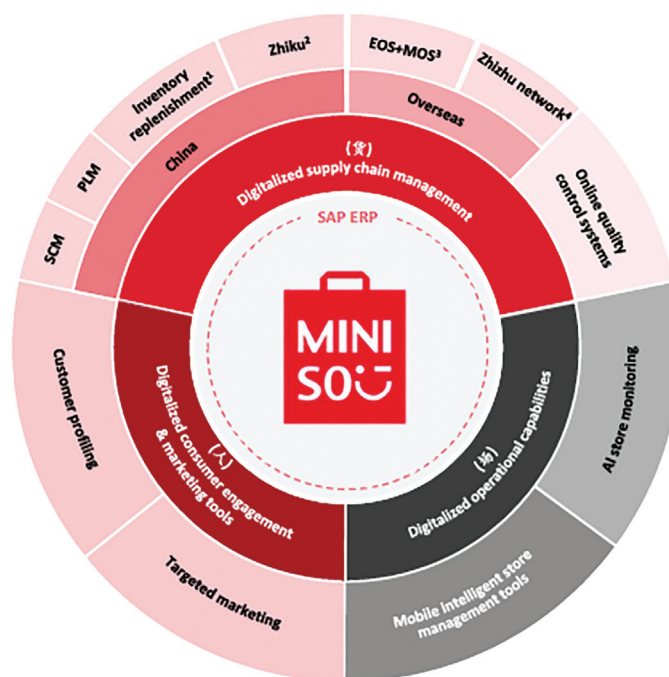
have had a relationship since 2016, purchased lifestyle products from us in the amount of RMB751.7 million, RMB749.8 million, RMB308.6 million and RMB350.7 million, accounting for 8.0%, 8.4%, 3.4% and 6.5% of our total revenue, respectively.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than five percent of our issued share capital) had any interest in any of our five largest customers. No major customer is also a supplier of us during the Track Record Period or vice versa.

### OUR TECHNOLOGY

We have developed an advanced and comprehensive technology system, which lays the foundation for our efficient business development and connects every chain of our business operations including, mainly, supply chain management, store operations, customer engagement, and targeted marketing. Empowered by our highly scalable and effective technology platform, we are able to achieve consistent and centralized store management and rapidly expand our global footprint with consistent quality and localized features.

The chart below illustrates our technology system:



Notes:

1. Intelligent inventory replenishment module;
2. Zhiku management system (智庫);
3. Together known as our digitalized supply chain tools for international operation;
4. Zhizhu Network (知珠網)

---

## BUSINESS

---

*Technology workforce.* As of December 31, 2021, 301 of our employees were engaged in research and development activities, representing 7.2% of our total employee number. Among these employees, approximately 13.3% have master's degrees or above.

*SAP ERP system.* At the core of our technology capabilities is our SAP ERP system, which has different modules or sub-systems that connect and manage different aspects of our business operation, including warehouse management, merchandising, sales, consumer and transaction data, human resource and finance. Our other technology systems are integrated with the SAP ERP system, thereby allowing data sharing and better coordination across systems.

*Digitalized supply chain management.* Our digitalized supply chain management is supported by our supply chain management system, product lifecycle management system, proprietary intelligent inventory replenishment module, digitalized supply chain tools for international operation, proprietary Zhizhu Network (知珠網) and Zhiku Management System (智庫), and online quality control systems.

- Supply chain management system. Our supply chain management system connects us with our suppliers, and it can give suppliers access to certain sales data on our end for better production coordination. By integrating suppliers into our supply chain management process, our supply chain management system also allows us to plan, manage and monitor every step of the supply chain process, leading to improved inventory management and shorten order and reorder lead time.
- Product lifecycle management system. To facilitate input of design ideas and concepts from store managers and assistants across our store network, we have developed a proprietary module on the product lifecycle system on which frontline workers provide a rich and constant supply of the latest ideas and consumer information that serve as the basis for the next successful product design. In addition, the core processes of product development are digitalized and modularized in the product lifecycle management system through close and efficient collaboration of our designers, product managers, and other participants. The product lifecycle system thus evolves the traditional manufacturing process into a consumer-driven process by connecting the strong manufacturing ability of our large supplier network with our unique customer insights and massive data.
- Inventory replenishment module. Trained by massive data collected from our SAP ERP system and normalized through a comprehensive process, the algorithms underlying the inventory replenishment module output a demand forecast for a particular inventory unit to ensure healthy levels of stock. Further, by analyzing store location (which affects the number and demographics of store visitors), historical sales, weather, shelf arrangement and store layout, this module also customizes the stock mix of each store to offer a unique mix of choices to consumers. As a result, the inventory replenishment module has helped us significantly enhance the inventory management efficiency of MINISO and TOP TOY stores.

---

## BUSINESS

---

- Digitalized supply chain tools for international operation. To connect our vast network of international MINISO stores with our supplier base in China, we have developed smart supply chain tools specifically for our international operation, including the MINISO Electronic Ordering System (“EOS”) and the MINISO Ordering System (“MOS”). The EOS serves the “warehouse to warehouse” part of the international supply chain, connecting the warehouses of our international stores with Chinese suppliers through our central management. The MOS digitalizes the “warehouse to store” path, helping stores in various parts of the world manage their inventories. Traditionally, international store operators usually rely on subjective estimates of future sales when placing advance orders and managing inventories and spend substantial amounts of time on offline ordering meetings, often resulting in inefficiencies and wastes. The EOS and MOS systems were designed specifically to solve these pain points with their intelligent sales forecast and ordering recommendations. The systems generate tailor-made sale forecasts based on a comprehensive analysis of past sales, product popularity gauged through online communication channels, marketing plans and other data, and based on such sale forecasts, the systems make ordering recommendations to the stores.
- Zhizhu Network (知珠網) and Zhiku Management System. Our proprietary Zhizhu Network (which focuses on the international markets) and Zhiku Management System (which focuses on China) enable us to monitor and discover popular hits on major social media platforms and automate rapid identification of new and emerging trends, which maximize our ability to react quickly to rapidly changing consumer tastes and preferences. With natural language processing capabilities embedded, Zhizhu Network and Zhiku Management System can conduct detailed analyses of positive and negative online comments on the large number of products it researches, guiding our product managers and designers in developing and optimizing products to address evolving consumer needs.
- Online quality control systems. Leveraging the SAP ERP system, we have developed digitalized quality control systems: a supplier quality control system and a “big-data quality risk control system.” The supplier quality control system is built into a module within our supply chain management system, and it supports each step of our quality control throughout the product lifecycle, from supplier qualification assessment and research and development quality management to product testing and consumer feedback. The “big-data quality risk control system” collects and analyzes information on potential quality issues from external channels, such as government inspections, consumer complaints and social media, and presents useful data that help us identify and take appropriate actions to address quality problems.

*Digitalized operational capabilities.* Leveraging our big data analytics and artificial intelligence (AI) technologies, we have developed strong digitalized operational capabilities to enhance and streamline store operation, which are exemplified by our self-developed mobile intelligent store management tools and AI store monitoring system.



---

## BUSINESS

---

- Mobile intelligent store management tools. Our self-developed mobile intelligent store management tools consist of a merchandise display management system and an AI assistant to store managers. The merchandise display management system is designed to visualize, synchronize and optimize shelf display management at MINISO and TOP TOY stores. By digitalizing the management of merchandise placement in each store, it allows us to centrally and digitally manage and adjust merchandise display in each store, monitor the in-store stock of specific products, and optimize product replenishment. The AI assistant to store managers provide store managers with real-time inventory level, product sales trends, pricing information, and other important store operating metrics and their analytics, empowering the store managers to enhance merchandise management and streamline store operation. It also assists store managers in monitoring stores to ensure precise product curation and standardized staff operations, helping them guide staff performance and deal with store emergencies in a timely manner.
- AI store monitoring. We have adopted AI image recognition technologies for store management, which facilitate real-time automatic store-level management including store layout check, and order or payment fraud detection, among other things.

*Digitalized consumer engagement and marketing tools.* We have invested significantly in digitalizing and enhancing direct consumer engagement by employing intelligent consumer profiling technologies and targeted marketing efforts informed by data analytics.

- Intelligent consumer profiling. We have developed intelligent consumer-profiling technologies to take advantage of the insights derived from our engagement with consumers to create customized consumer profiles to inform our marketing efforts.
- Targeted marketing. We engage in highly accurate and specialized marketing efforts through various digital channels. Leveraging our big data and AI capabilities, we are able to deliver unique and continuously optimized content, including personalized coupons and product recommendations, to each targeted individual through personalized channels.

In the fiscal year ended June 30, 2021 and the six months ended December 31, 2021, our research and development expenses accounted for 0.2% and 0.3% of our total revenues and 0.9% and 1.2% of our total operating expenses, respectively.

### DATA PRIVACY AND SECURITY

We are committed to protecting consumers' personal information privacy and security, and we have an internal team dedicated to handling data privacy and security. We have obtained and implemented a series of policies on data collection, processing and usage, such as a data protection policy, a set of third-party information security guidelines and an incident response policy. We have obtained the ISO/IEC 27001:2013 information security certification and the



---

## BUSINESS

---

ISO/IEC 27701:2019 privacy protection certification issued by the British Standards Institution, an internationally renowned standards body. These certifications attest to the sufficiency of our information security and privacy protection measures.

We follow strictly the relevant laws and regulations, including the recently promulgated Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》), in collecting the personal information of consumers, and we conduct regular self-inspections and correct any irregularities found to ensure our maximum protection of each consumer's personal information. For details on our compliance with PRC laws on protection of personal information, see "Risk Factors – Risks Related to Our Business and Industry – Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations."

*Data protection policies.* We have a company-wide data protection policy that sets data protection and security standards internally and regulates the collection, handling, storage and transferring of data pertaining to suppliers, consumers, business partners and employees. After (a) reviewing the internal control report issued by the Company's internal control consultant, in which no material deficiency related to data protection procedures has been identified by the internal control consultant during the process of preparing for the Listing; (b) reviewing the PRC legal opinion and the data and cybersecurity due diligence report and discussing with the PRC Legal Adviser on issues set out in the PRC legal opinion and the data and cybersecurity due diligence report and noted that, no material issue related to personal data collection has been identified by the PRC Legal Adviser; and (c) discussing with the management of the Company on, among others, the internal control measures on personal data collection, nothing has come to the attention of the Joint Sponsors that would cause the Joint Sponsors to cast doubt on the effectiveness of the Group's internal control measures regarding personal data collection.

*Third-party information security guidelines.* These guidelines govern how we manage interactions with suppliers and service providers to ensure information security and data protection, and they stipulate the responsibilities, procedures and requirements to be followed by our employees in managing information security and data privacy with suppliers and service providers. These procedures include, but are not limited to, requiring any employee, agent or outsourcing partner of the supplier or service partner to sign a confidentiality agreement that forbids unauthorized disclosure and provides for handling method of any personal data from our side.

*Incident response policy.* Our incident response policy implements the incident response mandate provided in the data protection policy, describes the incident response plan that has to be followed by relevant personnel through the incident lifecycle, and ensures quick detection and reporting of and response to data leakage incidents.

---

## BUSINESS

---

We currently use third-party clouds to host our network infrastructure. The third-party cloud service providers have extensive encryption protocols and other security measures in place to safeguard our data. To help ensure the confidentiality and integrity of our data, we take comprehensive and rigorous data security measures. We back up our consumer and other forms of personal data on a regular basis to minimize the risk of data loss. We also conduct frequent reviews of our back-up systems to help ensure that they function properly and are well maintained.

Despite the data privacy and security policies and measures adopted, there is no guarantee that advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments will not result in a compromise or breach of the technology that we use to protect confidential information. See “Risk Factors – Risks Related to Our Business and Industry – Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.”

### INTELLECTUAL PROPERTY

We regard our trademarks, domain names, know-how, trade secrets and similar intellectual property as critical to our success, and we rely on trademark and copyright law and confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. As of December 31, 2021, we had entered into collaboration with 75 IP licensors around the world. We had 584 trademarks, 243 patents, 267 copyrights relating to various aspects of our operations, and 6 registered domain names (including *www.miniso.com*) in China as of December 31, 2021. In addition, we owned trademarks in over 109 countries and regions as of December 31, 2021.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material intellectual property infringement claims or product liability claims.

### COMPETITION

The global branded variety retail market and pop toy market in China are intensely competitive and fragmented. While we do not believe there are many variety retailers competing with us at the global level, we face fierce competition from variety retailers in local markets. In addition, we also face competition from traditional retailers, including specialty retail stores, supermarkets and department stores, and online retailers, that sell lifestyle and pop toy products.

We believe that we are positioned favorably against our competitors on the basis of (i) our fast-growing store network, (ii) our frequently-refreshed product assortment with universal appeal, (iii) our efficient and digitalized supply chain, (iv) our in-depth know-how and digitalization, which drive our operational excellence, (v) our multi-channel operation and consumer engagement, (vi) our global scalability and capability penetrating into various tiers of cities, and (vii) our experienced founder and entrepreneurial management team. These

---

## BUSINESS

---

competitive advantages all contribute to the core value propositions of our products, which remain the key attraction to consumers around the globe. See “Risk Factors – Risks Related to Our Business and Industry – We face intense competition. We may not be able to maintain or may lose market share and consumers if we fail to compete effectively.”

### EMPLOYEES

We had a total of 4,205 full-time employees as of December 31, 2021. As of December 31, 2021, 2,413 of our full-time employees are located in China and 1,792 full-time employees are located in certain overseas countries. The following table sets forth the numbers of our full-time employees in China and overseas categorized by function as of December 31, 2021.

<b>Function</b>	<b>Number of Employees in China</b>	<b>Number of Employees in Overseas Countries</b>
Product Development and Supply Chain		
Management	705	35
General and Administrative	570	76
Operations	515	1,561
Sales and Marketing	247	16
Technology	301	6
Business Development	54	11
Logistics	21	87
<b>Total</b>	<b>2,413</b>	<b>1,792</b>

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. We use various methods for our recruitment, including campus recruitment, online recruitment, internal recommendation and recruitment through headhunter firms or agents, to satisfy our demand for different types of talents. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and creativity. We provide training programs for our employees in order to enhance their professional and technical skills and understanding of our industry. We design and offer different training programs for employees at different positions and departments based on their differing needs. As a result, we have generally been able to attract and retain qualified personnel. We believe that we maintain a good working relationship with our employees, and we have not experienced any work stoppages due to labor disputes in the past. None of our employees are represented by labor unions.

Under applicable laws, we participate in various government statutory employee benefit plans, including social insurance funds, namely, medical insurance, maternity insurance, workplace injury insurance, unemployment insurance, and pension benefits, as well as a

---

## BUSINESS

---

housing provident fund. We are required under applicable laws to contribute to employee benefit plans at specified percentages of the salaries, bonuses, and certain allowances of our employees up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. During the Track Record Period, certain of our PRC subsidiaries made insufficient contributions to social security insurance and housing provident fund. The unpaid social security insurance contribution amounted to RMB4.7 million, RMB2.5 million, RMB6.8 million and RMB8.9 million in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. The unpaid housing provident fund amounted to RMB0.8 million, RMB1.6 million, RMB3.1 million and RMB2.8 million in the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, respectively. If we were ordered to make such payment, we would do so within the prescribed period. As of the Latest Practicable Date, no material administrative action, fine or penalty had been taken or imposed by the relevant regulatory authorities against us with respect to our social security insurance contributions or housing provident fund, nor had we received any order or been informed to settle the under-contributions. Moreover, as of the Latest Practicable Date, we were not aware of any complaint filed by any of our employees regarding our social security insurance and housing provident fund policy. For social security insurance, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Security Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social security insurance arrears.

As advised by our PRC Legal Adviser, based on the relevant regulatory policies, our confirmation of the factual background and other basis as stated above, and the compliance confirmations from relevant authorities, the likelihood that we would be subject to material administrative penalties due to our failure to provide full social security insurance and housing provident fund contributions for our employees is remote. For details, see “Risk Factors – Risks Related to Doing Business in China – Risks Increases in labor costs and enforcement of stricter labor laws and regulations in China may adversely affect our business and our profitability.” During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice or penalty from the relevant authorities or any claims or complaints from employees.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality agreements with all of our employees and non-compete agreements with our key employees. The non-compete restricted period typically expires two years after the termination of employment period. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material strikes, protests or other labor conflict or dispute.

### HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We do not operate any significant production facilities. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we have complied with relevant health, work safety, social or environmental laws and regulations in all material respects, and did not have any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major safety incident that occurred in the course of our business operations.

Since we were founded, we have been highly committed to supporting and participating in social responsibility projects that align with our values, and have initiated multiple charity projects and taken concrete actions to help support children, women, and those who suffer from serious illness and disasters. In recent years, we have ramped up efforts in channeling our resources to address the challenges of people in need, seeking new ways to positively impact the communities around us and working with our partners in various sectors to create a new philanthropy system all over the world. In early 2021, together with the China Charities Aid Foundation for Children, a leading Chinese non-governmental organization established to support marginalized and vulnerable children in China with respect to their education, health, and growth, we launched a charity initiative that offers health and well-being education to “left-behind” girls to raise their awareness about personal hygiene and sanitation. Under this joint initiative, we also aim to direct public and corporate attention to the health conditions of young girls living in rural areas, thereby improving their access to better sanitary condition. We have also devoted significant resources in fighting against the COVID-19 pandemic.

In addition, we developed and sold a MINISO-branded, penguin-shaped Penpen plush toy to draw public attention to global warming and climate change, as studies showed that global warming was heavily impacting penguins’ feeding grounds and their living environment. To contribute to a reforestation program in South America’s Andes Mountains, between November 2021 and February 2022, we donated US\$1.33 for every Penpen plush toy we sold at selected MINISO stores, with the donation totaling US\$153,300, to Acción Andina, a multi-country initiative to restore forests in Andes Mountains. Our donation will be used to plant 115,000 trees in the Andes Mountains. After a severe flood caused by heavy rainfall devastated Henan province in China in July 2021, we also donated emergency supplies with a total worth of RMB5 million to aid the disaster relief operations.

We are committed to social responsibilities, and consider environmental, social and governance (“ESG”) essential to our continuous business development and success. We believe that we have adequate policies and procedures in place to ensure compliance with ESG-related laws and regulations, including management systems and procedures relating to worker health and safety requirements, quality control, and emergency planning and response.

Our Board will adopt an ESG policy to take effect upon the Listing, which sets out our key ESG-related objectives and responsibilities. Pursuant to this ESG policy, our Board is required to review and supervise our day-to-day management of ESG matters and take full responsibilities for the decision-making and reporting with regard to ESG-related work. In addition, under this ESG policy, our Board is required to evaluate our ESG risks to ensure that we have an appropriate and adequate ESG risk management and monitoring system in place, and our management team is tasked with confirming to our Board about the effectiveness of such system. Our Board is also required under the ESG policy to regularly examine and evaluate the implementation of our ESG policies and any possible deficiencies and make comprehensive public disclosures on ESG matters on an annual basis. Our Board will also review the ESG policy to ensure its effectiveness and discuss and approve any revision that may be required from time to time.

### **Impact of ESG risks**

We have identified the following ESG risks which we consider material and may have an impact on our business, strategy or financial performance:

- (i) *Product safety and quality.* Our product safety guidelines and policies, standards and procedures, inspections and checks, and training on proper product safety practices, among others, may not be adequate. As a result, we may be subject to risks of receiving consumer complaints or governmental penalties and our reputation may be adversely impacted.
- (ii) *Supply chain management.* Responsible sourcing and sound supply chain management are essential for us to ensure reliable product quality and sustainability along our supply chain. If we are unable to select quality third-party suppliers or monitor, audit and manage different parties in the supply chain, we may be subject to risks of suppliers' non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.
- (iii) *Climate change adaption.* Floods, typhoons, storms, and other extreme weather conditions and natural disasters may cause price volatility of raw materials, fluctuation in supply and physical damage to stores under our brands, our office facilities and our suppliers' facilities, pose safety risks to our staff and lead to delayed product delivery by our suppliers, among other consequences. Besides, against the backdrop of the PRC's carbon peak and neutrality goals, we may incur additional costs to purchase new energy, replace undegradable packaging, promote sustainable sourcing and engage in low-carbon product innovations.
- (iv) *Environmental compliance.* We are subject to relevant environmental laws, regulations and standards in jurisdictions where we have operations. Regulators may impose more stringent environmental requirements and standards on us. For example, we may have to switch to cleaner energy and more energy efficient

---

## BUSINESS

---

operating equipment, and further reduce use of environmentally unfriendly raw materials and packaging materials and emissions of wastewater and other pollutants, which may increase our operating costs.

### **Identification, assessment, management and mitigation of ESG risks**

We actively identify and evaluate ESG risks, and formulate and assess strategic plans and mitigating measures. We have adopted the following measures to identify, assess, manage and mitigate ESG risks.

#### ***Product safety and quality***

We comply with relevant laws and regulations regarding products safety in all material respects and are prudent in every aspect from quality of raw materials to production, packaging, delivery, storage and distribution of products. For details of PRC laws and regulations in this respect, please see “Regulations – PRC – Regulations Relating to Our Industry and Products – Regulations Relating to Product Quality and Consumers Protection.” Set forth below are the various measures that we undertake to manage and mitigate risks relating to food safety and quality:

- (i) requiring our manufacturers to strictly follow any applicable laws, regulations and industry standards related to raw material quality, manufacturing process, contamination, and other factors that may affect product safety and quality;
- (ii) requiring our store managers, MINISO Retail Partners and distributors to regularly examine in-store product safety and quality;
- (iii) having third-party evaluators conduct external review of product safety and quality;
- (iv) deploying our quality assurance team to carry out internal checks based on stringent auditing standards;
- (v) sampling and testing raw materials and finished products, monitoring production conditions, and filtering and recalling nonconforming raw materials and finished products;
- (vi) monitoring the compliance by our store employees, MINISO Retail Partners and distributors of product safety standards and process;
- (vii) making product safety and quality one of the key performance metrics in the performance evaluation for store managers and imposing penalties on store managers or regional managers for failure to observe our product safety and quality policies; and



- (viii) requiring our staff to participate in mandatory trainings and tests relating to product safety, with the focus on relevant regulations and standards, our internal policies, prevention of safety issues, sanitation and other topics.

### ***Supply chain management***

We have established a supplier approval process, through which suppliers must provide relevant qualifications or certifications, such as their business licenses or production and operation licenses, and demonstrate legal compliance with environmental and social policies prior to approval. We classify our suppliers by level from “one-star” suppliers to “five-star” suppliers based on quarterly and annual evaluations of a wide range of criteria, such as product quality, timely delivery, cost, research and development level and quality of services. One-star suppliers are considered unqualified and may be terminated.

Through contract terms such as those stipulating that our suppliers’ obligations to compensate us for losses arising from defects in product quality, we ensure that the manufacturers we collaborate with obey our quality control standards. See “–Our Suppliers.”

### ***Climate change adaptation***

We are committed to conserving energy and reducing our carbon footprint. We primarily consume electricity in our operational activities. These are the main sources of our greenhouse gas emissions. To reduce our greenhouse gas emissions and conserve energy, we have adopted measures such as (i) continuously looking for effective ways to reduce energy use and thus our carbon footprint; and (ii) promoting various energy-saving initiatives among our employees, such as paper-free work and limiting the use of single-use products. We use kWh per million revenue as a metric to monitor the effectiveness of our energy conservation efforts. Thanks to such efforts, we have witnessed a decreasing trend in kWh per million revenue during the Track Record Period. In the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, we recorded 324.7 kWh, 293.3 kWh, 281.5 kWh and 256.3 kWh, respectively, per million revenue. We have set a target of further reducing electricity power usage per million revenue to 240.0 kWh and currently expect to achieve such target in the next three years.

Besides, we have established a crisis management team and formulated internal crisis management policies to minimize our risk exposure in the event of rainstorms, floods, earthquakes or other extreme weather conditions or natural disasters.

### ***Environmental compliance***

During our daily operations, we generate waste packaging and other materials such as plastic, cardboard and paper. We also discharge wastewater from stores and offices. We maintain compliance with laws and regulations governing environmental protection.

---

## BUSINESS

---

Furthermore, we have been proactive in addressing environmental issues. The following sets forth the various measures we take to ensure compliance with environmental laws and regulations and minimize the impact of our operations on the environment and natural resources:

- (i) limiting the use of plastic, cardboard, paper and other materials for product packaging and storage to avoid environmental pollution and conserve forests;
- (ii) popularizing the use of degradable and recyclable packaging and carryout bags for use by consumers;
- (iii) developing and incorporating eco-friendly elements, such as use of recycled materials, in the products we sell;
- (iv) adopting a stringent recycling policy to ensure proper recycling of materials used and discharged from store operations;
- (v) discharging sewage into urban sewage systems with the aim to cause little pollution to the environment; and
- (vi) employee education on environmental protection.

We use quantifiable metrics to monitor the progress made. For example, we monitor the percentage of plastic bag use in stores (number of plastic bags used divided by the total number of plastic and paper bags used) under our brands to measure the effectiveness of our efforts to limit the use of plastic bags, which are generally less environmentally friendly than paper bags. In the fiscal years ended June 30, 2020 and 2021, that percentage was 98% and 87%, respectively, while the percentage of paper bag use increased from 2% to 13%. We intend to continue such efforts and maintain a lower-than-90% percentage of plastic bag use in the near future.

In particular, we are increasingly aware of the environmental impact made by the large number and variety of the products that we design, engage manufacturers to produce, and sell. We have been striving to develop eco-friendly products as part of our contribution to the global efforts in environmental protection. For example, we are planning to launch in the near future a series of product, including small plush toys, lifestyle products, stationary, cosmetics, bags and others, that use 100% recycled materials or natural and plastic-materials and/or are manufactured by suppliers that are certified by the Forest Stewardship Council (FSC). We have also developed a “MINISO ECO” logo specifically for products that are plastic-free, easily recyclable, renewable, repeat-use, BPA (Bisphenol A)-free and/or lead-free. This LOGO has been used on a number of products and is expected to be more broadly adopted as we expand our eco-friendly product offerings.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, internal control, regulatory compliance, and human resources.

#### **Financial Reporting Risk Management**

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and information technology systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Prior to our initial public offering in the United States in October 2020, we were a private company with limited accounting personnel and other resources with which to address our internal control and procedures over financial reporting. In preparing our consolidated financial statements for the fiscal years ended June 30, 2019 and 2020 included in our registration statement on Form F-1 filed in connection with our initial public offering in the United States, we and our independent registered public accounting firm identified one “material weakness” in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board of the United States, and other control deficiencies. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified was related to our lack of sufficient financial reporting and accounting personnel with an appropriate level of knowledge, experience and training in the application of IFRS and SEC reporting requirements to formalize, implement and operate key controls over financial reporting process in order to prepare, review and report financial information, and to properly address complex accounting issues and related disclosures in accordance with IFRS and financial reporting requirements set forth by the SEC.

To remedy the identified material weakness and the other control deficiencies, we adopted measures to improve our internal control over financial reporting, including without limitation, (i) hiring additional qualified accounting and financial personnel with appropriate knowledge and experience in IFRS accounting and SEC reporting, (ii) organizing regular trainings for our accounting staffs, especially trainings related to IFRS and SEC reporting requirements, and

---

## BUSINESS

---

(iii) formulating IFRS accounting policies and procedures manual, which will be maintained, reviewed and updated, on a regular basis, to the latest IFRS accounting standards. As of June 30, 2021, we determined that the above-mentioned material weakness had been remediated. See “Risk Factors – Risks Related to Our Business and Industry – If we fail to remediate our material weakness in our internal control over financial reporting, develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.”

During the process of preparing for the Listing, we engaged an internal control consultant to perform a review over selected areas of the internal control of our Company and our major operating subsidiaries and a follow-up review from January to March 2022, pursuant to the relevant technical bulletin AATB1 issued by the Hong Kong Institute of Certificate Public Accountants. The scope of the internal control review performed by the internal control consultant was agreed in advance between our Company, the Joint Sponsors and the internal control consultant. The selected areas of review include entity-level controls and business process level controls covering financial reporting, treasury, sales and receivables, purchase and payables, distributors management, store management, human resource, inventory, fixed assets, tax, insurance and IT general control. As of the Latest Practicable Date, no material issues in relation to the Company’s sufficiency of financial reporting and accounting personnel with an appropriate level of knowledge, experience and training had been identified by the internal control consultant after those agreed procedures were performed.

In relation to the material weakness in relation to sufficiency of financial reporting and accounting personnel with an appropriate level of knowledge, experience and training that was identified during our initial public offering in the United States, we have taken rectification actions accordingly. The internal control consultant performed a review afterwards and no material issues had come to their attention after performed certain agreed procedures in relation to the sufficiency of financial reporting and accounting personnel with an appropriate level of knowledge, experience and training. No further recommendation has been provided by the internal control consultant.

Our Directors are of the view that our internal control is adequate because (i) we have sufficient financial reporting staff with corresponding experience and qualifications; (ii) we regularly hold financial reporting trainings such as IFRS and SoX internal control training; (iii) we formulated accounting guidelines and procedures in accordance with IFRS and will timely review and update the guidelines and procedures to reflect the latest changes in IFRS; (iv) we have separation of duties between financial accounting personnel and reporting supervisors; and (v) we have a complete reporting and monitoring mechanisms for major transactions and events or financial accounting matters.

After (a) reviewing the enhanced internal control procedure manuals of the Group, and the internal control report issued by the Company’s internal control consultant; and (b) discussions with the management of the Company and the internal control consultant on, among others, the enhanced internal control procedures with respect to financial reporting process of the Company, it is noted that no material issues related to financial reporting process

regarding the Company's lack of sufficient financial reporting and accounting personnel with an appropriate level of knowledge, experience and training in the application of IFRS and SEC reporting requirements had been identified by the internal control consultant, and nothing has come to the attention of the Joint Sponsors that the Group's internal control measures are not adequate or effective.

### **Internal Control Risk Management**

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, finance and other departments work closely together to: (a) perform risk assessments and give advice on risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our company.

In accordance with our internal procedures, our in-house legal and finance departments review due diligence materials and contracts of suppliers and customers, and works with relevant business units to obtain and maintain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

To manage the accuracy of publication materials, such as those related to identity of independent designers, we apply strict standards to our publicity, whether on our website, social media, or product packages. For example, all the designers appearing on those media have entered into formal agreements with us, and we have a dedicated review team in regular communication with our business personnel to ensure that accurate and up-to-date information is released for publicity purposes. We have also adopted stringent internal measures in the management of our designers and to prevent IP infringement in our product design. For example, before the launch of a new product, we evaluate the IP-related risks of the product, conduct a potential patent infringement search for a high-risk product, and modify the design or cancel the launch of a high-risk product. We provide regular trainings on patent protection for our product managers and in-house designers, and through indemnification and other contractual arrangements with external designers, we seek to minimize our exposure to potential product design IP disputes. After (a) reviewing the internal control report issued by the Company's internal control consultant, in which no material deficiency related to IP management procedures has been identified by the internal control consultant during the process of preparing for the Listing; (b) discussing with the management of the Company and the internal control consultant on, among others, the internal control measures with respect to IP management of the Company; (c) discussing with the PRC Legal Adviser on Company's compliance with relevant IP laws and regulations during the Track Record Period, and (d) reviewing other related documents including, among others, (i) the Group's internal control policy regarding IP management, (ii) internal procedures and response plan for potential IP infringement regarding products, and (iii) internal training materials regarding IP management, nothing has come to the attention of the Joint Sponsors that would cause the Joint Sponsors to cast doubt on the effectiveness of the Group's internal control measures regarding IP management.

---

## BUSINESS

---

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

### **Audit Committee Experience and Qualification and Board Oversight**

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

The audit committee consists of three members, namely Ms. Lili Xu, Mr. Yonghua Zhu and Mr. Yongping Wang, all of whom are independent non-executive directors. Ms. Lili Xu is the chairperson of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see “Directors and Senior Management.”

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members hold regular meetings with management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

### **Ongoing Measures to Monitor the Implementation of Risk Management Policies**

Our audit committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

### **Complaint Handling**

We provide contact information on the interfaces of our website, mini-programs and our products for our consumers to ask questions and solve potential problems. Our consumers can lodge any complaint they may have via email, telephone and other methods. Any complaint received will be handled by the relevant business department, including verification and response. We did not receive any material complaints from consumers or platform users and had no material product recalls during the Track Record Period and up to the Latest Practicable Date.

**Regulatory Compliance and Legal Risk Management**

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Meanwhile, legal risk refers to the risk of legal liability arising from violations of laws and regulations, breaches of contracts, infringements on the legal rights of others or otherwise in connection with any contract or business activity in which we are involved.

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our legal team conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. Our in-house legal department works with relevant business departments to obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines. As of December 31, 2021, our legal team consisted of 18 employees who had more than 4 years of experience on average practicing PRC law.

**Human Resources Risk Management**

We have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethic and legal compliance. The demand in our industry for qualified talent is intense and we may be adversely affected by the departure of any key employees. See “Risk Factors – Risks Related to Our Business and Industry – Our success depends on the continuing and collaborative efforts of our management team and other key personnel, and our business may be severely disrupted if we lose their services.” Each of our senior management team and key employees has entered into with us an employment agreement containing confidentiality, intellectual property and non-competition provisions.

We also require our staff to conform to high ethical standards. We have in place an employee handbook and a code of conduct which is distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular training, as well as resources to explain the guidelines contained in the employee handbook. We also provide regular and specialized training tailored to the needs of our employees in different departments, through which we enable our employees to better comply with applicable laws and regulations in the course of conducting business.

We also have in place anti-corruption policy to safeguard against corruption within our company. We have an internal reporting channel that is open and available for our employees to report any suspected corrupt acts anonymously. We have a team that is responsible for investigating the reported incidents and taking appropriate measures.



**U.S.-China Trade Tensions**

Our operations are subject to risks arising from international geopolitical and trade tensions. See “Risk Factors – Risks Related to Our Business and Industry – Our international operations are subject to a variety of costs and legal, regulatory, political and economic risks” and “Risk Factors – Risks Related to Our Business and Industry – Changes in international trade policies, or the escalation of tensions in international relations, particularly with regard to China, may adversely impact our business and operating results.” Our Directors are of the view that the recent developments in China’s relationships with other countries, particularly the U.S., would not, in any material way, affect our ability to carry out business with customers and collaboration with business partners in the U.S. and other countries, as well as our operations and financial performance in the near future, for the following reasons: (i) Although we consider the U.S. to be one of the strategic markets, our current business in the U.S. remains early-stage. As of December 31, 2021, the number of our U.S. stores constituted approximately 1% of our total number of stores, and our revenue from the U.S. was also insignificant throughout the Track Record Period; and (ii) According to the Frost & Sullivan Report, in general, lifestyle products have been and are expected to be relatively less affected by the tariff increases that have been seen in the context of the U.S.-China trade tensions, and therefore, as a lifestyle product retailer, we expect the impact on our business from increased tariffs to be limited.

We are taking contingency measures to further mitigate the risks associated with international geopolitical and trade tensions. For example, we have adopted strict policies related to cross-border data transmission, keeping domestic and international data separately stored and managed, to ensure data security and compliance. In addition, we are improving our local sourcing capabilities in the U.S. and other international markets not only to lower procurement costs but also to mitigate risks from cross-border trade tensions. For example, in the U.S., we have adopted the following measures to improve our local sourcing capabilities: (i) sending product teams to the U.S. to assist with development of localized products, and at the same time, hiring more people with expertise and deep understanding of the local supply chain to expand our local supplier network in the U.S.; and (ii) expanding our store network in the U.S., which allows us to leverage the increasing procurement volume as a result of our scale in our engagement and price negotiation with local suppliers. The number of MINISO stores in the U.S. reached 54 as of March 31, 2022, representing a year-over-year increase of 74%.

Having considered (i) the number of stores in the U.S. during the Track Record Period; (ii) the insignificant revenue contribution from the U.S. during the Track Record Period; (iii) the Company’s products price mechanism in the U.S.; and (iv) the contingency measures taken to mitigate the risks associated with international geopolitical and trade tensions mentioned above, the Joint Sponsors concurred with the view of the Directors that the recent developments in China’s relationships with other countries, particularly the U.S., would not, in any material way, affect our ability to carry out business with customers and collaboration with business partners in the U.S. and other countries, as well as our operations and financial performance in the near future.

### **Transfer Pricing**

During the Track Record Period, our intra-group transactions primarily included purchase and sale of products among our subsidiaries for the purpose of selling to our MINISO Retail Partners and distributors and provision of various services such as IT services, consulting and general management services. Our subsidiaries in China and certain other countries have engaged tax advisors to assist in the preparation of transfer pricing documentation of intra-group transactions during the Track Record Period. Several steps were taken to conduct the transfer pricing review and benchmarking analysis, mainly including (i) preparing functional analyses for relevant entities; (ii) assessing the appropriateness of various generally accepted transfer pricing methods with respect to the intra-group transactions; (iii) performing benchmarking study and searching for comparable data to establish the comparable profit ranges; and (iv) applying the most appropriate transfer pricing method to the intra-group transactions and reviewing our transfer pricing outcomes. During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any investigation or subject to any penalty in relation to our transfer pricing practice. In light of the above, we are of the view that the intra-group transactions were conducted based on arm's length principle, and that we complied with the relevant transfer pricing law and regulations during the Track Record Period. Based on the (a) discussions with the management of the Company and its tax advisors on, among others, the background, nature and the related tax risks in association with the Group's intra-group transactions as well as the pricing policy between the Group's intra-group transactions; (b) review of relevant documents of intra-group transactions as well as relevant steps and measures taken by the Group to ensure compliance regarding transfer pricing practice; (c) review of PRC legal opinion and tax confirmations letters indicating no administrative penalties records or outstanding tax payment during the Track Record Period, and discussions with the PRC Legal Adviser to understand the tax confirmation letters provided by the competent tax authorities confirm that there have been no records of administrative penalties or outstanding tax payments; and (d) discussions with the Reporting Accountants on, among others, the Group's intra-group transactions conducted during the Track Record Period and the related audit procedures performed by the Reporting Accountants for the purpose of expressing an opinion on the Group's Historical Financial Information as a whole, nothing has come to the attention of the Joint Sponsors that would cause them to disagree with the Company's view above.

### **Brand Protection**

We have adopted a series of measures for brand protection purposes in our engagement with MINISO Retail Partners and distributors.

*Contractual arrangements.* Under our arrangements with MINISO Retail Partners and/or distributors, (i) in terms of product offering, MINISO Retail Partners can only offer products supplied by us, and distributors are not allowed to sell MINISO products outside of MINISO stores licensed by us, or to sell any third-party branded products without our written approval; (ii) in terms of IP and store display, distributors are not allowed to use or display in MINISO

---

## BUSINESS

---

stores any non-MINISO logo, product, shelf, bag, brochure etc. or use the MINISO logo for any other purpose or in other places outside the agreed scope, and distributors are not allowed to imitate or misappropriate our IP and store display style for the benefit of any third party.

*Store design and decoration.* MINISO Retail Partners and distributors generally follow our instructions in terms of store design, display and decoration to maintain consistent brand image, including purchasing renovation materials from us.

*Policies and supervision.* We have group-level IP protection policies in place that regulate the behaviors of MINISO Retail Partners and distributors. With MINISO Retail Partners, we are deeply involved in store operations and are able to monitor their behaviors that may affect our brands. With distributors, we dispatch brand ambassadors to each overseas market to supervise local operations.

## INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by applicable laws and regulations and in accordance with the commercial practices in our industry. We maintain various insurance policies to safeguard against risks and unexpected events, including property insurance covering inventory and warehouses. We provide social security insurance for our employees as required by PRC law. We do not maintain business interruption insurance, nor do we maintain key-man insurance. During the Track Record Period, we did not make any material insurance claims in relation to our business. For risk factors relating to our insurance policies, please see “Risk Factors – Risks Related to Our Business and Industry – We have limited insurance coverage, which could expose us to significant costs.”

## PROPERTIES AND FACILITIES

Our corporate headquarters is located in Guangzhou, China, where we lease office space with an area of approximately 30,600 square meters. We generally make rental payments on a monthly or quarterly basis. In addition, as of December 31, 2021, we had also leased office space of approximately 7,500 square meters in 13 other cities in China and approximately 3,500 square meters in 8 countries and regions overseas. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth. As of December 31, 2021, we had leased a number of warehouses inside China with a total size of approximately 18,700 square meters and 8 warehouses outside of China. Ownership certificates or other similar proof of certain leased properties have not been provided to us by the relevant lessors, and the lease agreements for some of our leased properties in China have not been registered with the relevant PRC government authorities. See “Risk Factors – Risks Related to Our Business and Industry – Our leased property interest may be defective and such defects may negatively affect our right to such leases.” As of December 31, 2021, we owned apartment units in Guangzhou with a total area of approximately 9,491 square meters for employee dormitory.

---

## BUSINESS

---

We purchased a parcel of land in Guangzhou of approximately 6,557 square meters for our headquarters building project. We obtained the land use rights certificate for this parcel of land on May 9, 2022. As of the Latest Practicable Date, we were still at the foundation construction phase and the construction of the headquarters building was not started yet. We expect that the construction project will be completed by the end of 2025.

As of the Latest Practicable Date, we have obtained title certificates for 194 apartment units in Guangzhou. As of the date of this document, we have also obtained the land use rights certificate for the land in Guangzhou purchased for our headquarters building project. As of the Latest Practicable Date, we have failed to register 46 lease agreements. As advised by our PRC Legal Adviser, since the failure to complete lease registrations within the prescribed period of time after receiving notice from the relevant PRC government authorities may lead to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease, the maximum aggregate amount of potential administrative penalties is RMB460,000. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities in respect of lease registrations, nor had we received any rectification notice from the relevant PRC government authorities regarding lease registrations.

Our servers are primarily hosted at internet data centers owned by major internet data center providers in China. We believe that our current facilities are adequate and that we will be able to obtain additional facilities, principally through leasing, to accommodate any future expansion plans.

## COMPLIANCE AND LEGAL PROCEEDINGS

### Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. For potential impact of legal or administrative proceedings on us, see “Risk Factors – Risks Related to Our Business and Industry – We may, from time to time, be subject to legal proceedings during the course of our business operations. Our directors, management, shareholders and employees may also from time to time be subject to legal proceedings, which could adversely affect our reputation and results of operations.”

As of the Latest Practicable Date, there were five pending lawsuits relating to IP dispute against the PRC subsidiaries of us in China and none in overseas. The total amount claimed against us was approximately RMB61 million. The table below shows the details of such five pending IP-related lawsuits as of the Latest Practicable Date, among which the fourth and fifth lawsuits are filed by the same plaintiff.

---

## BUSINESS

---

No.	Date of Suit	Nature of Dispute	Claim Amount	Current Status
1	August 10, 2021	Copyright Infringement	RMB0.5 million	We were held liable for RMB0.11 million damages and cessation of infringement in the first instance trial. The case has been appealed and the hearing is scheduled on June 21, 2022.
2	September 17, 2021	Copyright Infringement	RMB5 million	The case was heard on March 18, 2022 with no judgment delivered yet.
3	September 28, 2021	Patent Infringement	RMB5.5 million	The case is currently on hold since the subject patent <sup>(2)</sup> is in the course of an invalidation proceeding <sup>(1)</sup> .
4	December 6, 2021	Patent Infringement	RMB20 million (including RMB14 million punitive damages)	The case has not been heard and we are preparing for an application to invalidate <sup>(1)</sup> the subject patent <sup>(3)</sup> .
5	December 6, 2021	Patent Infringement	RMB30 million (including RMB22.5 million punitive damages)	The case has not been heard and we are preparing for an application to invalidate <sup>(1)</sup> the subject patent <sup>(3)</sup> .

---

(1) Under PRC laws, a patent announced as invalidated is deemed non-existent from the commencement of its grant, in which case it is not entitled to the legal protection available to a valid patent. According to the PRC Patent Law (《中華人民共和國專利法》), any individuals or organizations, including us, may request the patent office to invalidate a patent on the basis that the patent grant does not conform to the PRC Patent Law.

(2) The patent in dispute has been granted to the plaintiff. According to our litigation counsel's assessment, if the subject patent is successfully invalidated, the plaintiff will have no basis for its claim of patent infringement against us.

(3) The patent in dispute has been licensed to the plaintiff. According to our litigation counsel's assessment, if the subject patent is successfully invalidated, the plaintiff will have no basis for its claim of patent infringement against us.

---

## BUSINESS

---

We are of the view that these lawsuits will not have a material adverse effect on our business or financial conditions based on the facts that (i) the intellectual property rights in dispute were not material to our business because they are used in only a small portion of our products that contribute an insignificant percentage of our total revenue (revenue contribution from such products in China, where the lawsuits are relevant, amounted to RMB33.2 million in the entire Track Record Period), (ii) we offer a wide selection of SKUs to our customers and these lawsuits concern only a small portion of our SKUs, (iii) based on our litigation counsels' assessment that (a) we have a low probability of losing in most of these pending cases, and (b) even if we were to lose all of these pending cases, the total compensation amount ordered by the courts is expected to be immaterial and much lower than the total amount claimed, our PRC Legal Adviser is of the view that these pending IP lawsuits will not have a material adverse effect on our business or financial conditions, and (iv) with respect to the majority of the pending lawsuits, even if we were to lose, we have the right to seek compensation from the relevant suppliers in accordance with our agreements. Our litigation counsels' assessment as described above is based on, among other things, that (i) the patent rights claimed by the plaintiffs in relevant pending cases are likely to be invalidated in which case they will have no basis for their claims, (ii) the plaintiffs in relevant pending cases lack sufficient evidence to claim for punitive compensation, and (iii) the court is unlikely to grant the full amount of damages claimed by the plaintiff in relevant pending cases based on the litigation counsels' assessment of the merits of the claims.

As of the Latest Practicable Date, there were six other pending lawsuits against our PRC subsidiaries, including two related to labor dispute, three related to contract dispute and one related to tort dispute. As of the Latest Practicable Date, there were 32 pending lawsuits against the subsidiaries of us in overseas markets, among which, 9, 5 and 18 were related to labor dispute, contract dispute and consumer dispute with regard to carryout bag fees and other matters, respectively. None of the these lawsuits have had or are expected to have any material adverse effect on our business, financial conditions or results of operations.

### **Compliance**

Our Directors are committed to complying with relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we complied with relevant laws and regulations in all material respects. There have been incidents in our operations that are not fully compliant with applicable laws and regulations. See "Risk Factors – Risks Related to Our Business and Industry – Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations."

However, it is our Directors' view as well as our PRC Legal Adviser's opinion that such incidents have no material adverse impact on us, given that (i) we currently satisfy the requirement of having at least two directly operated stores and having operated each of the two directly operated stores for over one year with respect to both the TOP TOY and WonderLife brands, (ii) we made the filings to the government authority in respect of WonderLife in April 2022 and are in the process of preparing the filings for TOP TOY, targeting to make the filings

---

## BUSINESS

---

in July 2022, (iii) even though we have not obtained the certificate for fire control inspection for one of our directly operated TOP TOY stores in the PRC and do not expect to obtain it in the near future given that it would require modifying the design of and reconstructing the store entrance, the store has not experienced any fire safety incidents during the Track Record Period and up to the Latest Practicable Date, and (iv) we have not been subject to investigations or penalties in connection with these incidents.

With respect to the non-compliance incident related to the franchising activities under the TOP TOY and WonderLife brands, as advised by our PRC Legal Adviser, the risk of income confiscation is remote, based on the consultation conducted by our PRC Legal Adviser with the competent governmental authorities in March 2022, and given the facts that (i) we currently satisfy the relevant legal requirements with respect to both the TOP TOY and WonderLife brands, as described above, (ii) we made the filings to the government authority in respect of WonderLife and are in the process of preparing the filings for TOP TOY, as described above, (iii) our relevant PRC subsidiaries have not been subject to investigations or penalties in connection with our franchise activities during the Track Record Period and up to the Latest Practicable Date, and (iv) our relevant subsidiaries have obtained the enterprise credit reports which indicate their compliance status with no record of administrative penalties imposed by the competent governmental authorities from January 1, 2018 to April 18, 2022. In addition, we currently satisfy the relevant legal requirements for franchising activities with respect to the MINISO brand, and the commercial franchise filing for the MINISO brand was completed in January 2020.

### **Licenses and Permits**

As of the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for our business operations.

We have not experienced any material difficulties in renewing material licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date and do not expect there to be any material difficulties in renewing them upon their expiry, if applicable, as long as we comply with the relevant legal requirements and all necessary steps to submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for non-compliance relating to material licenses, permits or certificates. For more information about the laws and regulations to which we are subject, see “Regulations.”

During the Track Record Period and up to the Latest Practicable Date, except for certain non-compliance incidents related to commercial franchise and certificates for fire control inspection (see “Risk Factors – Risks Related to Our Business and Industry – Any lack of



---

## BUSINESS

---

requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations”), we had obtained all requisite licenses, permits, approvals, and certificates that are material to conduct our operations.

### Awards and Recognition

During the Track Record Period, we received recognition for brand recognition and innovations in product design. Some of the significant awards and recognition that we have received are set forth below.

No.	Year	Award Name	Awarded by	Award-winning Entity
1.	2021	The Best Leading Brand of Chinese Fashion Trend in 2021 (2021年度最佳國潮領軍品牌)	iiMedia Research (艾媒諮詢)	Miniso (Guangzhou) Co., Ltd. (名創優品(廣州)有限責任公司)
2.	2021	BrandGrow 2021 TOP 50 Emerging Brands with Most Growth Potential in China (BrandGrow 2021中國最具增長潛力新銳品牌TOP50)	Miaozhen Academy of Marketing Science (秒針營銷科學院)	MINISO brand
3.	2021	No. 255 in the List of the 2020 Hurun China Top 500 Private Enterprises (《2020胡潤中國500強民營企業》榜單第255名)	Hurun Research Institute (胡潤研究院)	MINISO Group Holding Limited
4.	2020	The 2020 “China’s Best Employer of The Year” (2020“中國年度最佳僱主”)	zhaopin.com (智聯招聘)	Miniso (Guangzhou) Co., Ltd. (名創優品(廣州)有限責任公司)
5.	2020	The First in The New Retail Industry of Hurun Global Unicorn Index 2020 (2020胡潤全球獨角獸榜之新零售行業第一)	Hurun Research Institute (胡潤研究院)	Miniso (Guangzhou) Co., Ltd. (名創優品(廣州)有限責任公司)
6.	2019	Selected at a valuation of RMB15 billion in Hurun Global Unicorn Index 2019 (以人民幣150億元估值入選《2019胡潤全球獨角獸榜》)	Hurun Research Institute (胡潤研究院)	Miniso (Guangzhou) Co., Ltd. (名創優品(廣州)有限責任公司)

---

## FINANCIAL INFORMATION

---

*You should read the following discussion and analysis in conjunction with our accountants' report included in "Appendix IA – Accountants' Report" to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report, and not merely rely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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 depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including "Risk Factors" and "Business."*

### OVERVIEW

We are a global retailer offering a variety of design-led lifestyle products. Within nine years since we opened our first store in China in 2013, we have successfully incubated two brands – MINISO and TOP TOY. In 2021, the aggregate GMV of products sold through our MINISO network reached approximately RMB18.0 billion (US\$2.8 billion), making us the largest global branded variety retailer of lifestyle products according to the Frost & Sullivan Report. TOP TOY, a new brand we launched in December 2020 to pioneer the concept of pop toy collection stores, achieved a GMV of RMB374.4 million in 2021, ranking seventh in the pop toy industry in China, according to the same source.

We have built our flagship brand "MINISO" as a globally recognized retail brand and established a store network worldwide. According to the Frost & Sullivan Report, we had the most extensive global store network in the global branded variety retail industry in terms of number of countries and regions entered as of December 31, 2021, which encompassed over 5,000 MINISO stores, including over 3,100 MINISO stores in China and approximately 1,900 MINISO stores overseas. As of December 31, 2021, we had entered approximately 100 countries and regions throughout the world.

Observing an emerging pop toy culture, we leveraged our extensive retail know-how, supply chain capabilities, and established a platform to launch the "TOP TOY" brand with the strategic goal of entering into the pop toy market and eventually building our platform of pop toys. We believe that our "TOP TOY" brand is highly complementary to our "MINISO" brand, as it caters to a broader consumer demographic with a much wider product price range and higher average order value. Our experience as a leading global retailer has helped us realize our strategic goal with TOP TOY and make rapid headway in the pop toy market in China. We had a total of 89 TOP TOY stores as of December 31, 2021, which ranked third among major brands in China's pop toy market as of December 31, 2021, according to the Frost & Sullivan Report.

---

## FINANCIAL INFORMATION

---

Design, quality, and affordability are at the core of every MINISO product we deliver, and we continually and frequently roll out MINISO products of these qualities. In the fiscal year ended June 30, 2021, we launched an average of about 550 SKUs under the “MINISO” brand per month, and offered consumers a wide selection of over 8,800 core SKUs, the vast majority of which are under the “MINISO” brand. Our MINISO product offering spans across 11 major categories, including home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts. Under the TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021 across 8 major categories, including blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji, sculptures, and other popular toys.

In the fiscal years ended June 30, 2019, 2020 and 2021, we recorded revenue of RMB9,394.9 million, RMB8,979.0 million and RMB9,071.7 million and gross profit of RMB2,511.0 million, RMB2,732.5 million and RMB2,430.7 million, respectively. We recorded net profit from continuing operations of RMB9.4 million in the fiscal year ended June 30, 2019, and a net loss from continuing operations of RMB130.1 million and RMB1,429.4 million in the fiscal years ended June 30, 2020 and 2021, respectively. We recorded adjusted net profit, a non-IFRS financial measure, of RMB841.3 million, RMB933.9 million and RMB477.2 million in the fiscal years ended June 30, 2019, 2020 and 2021, respectively. Our financial results since 2020 have been negatively affected by the COVID-19 pandemic. However, despite the continuous impact of COVID-19, we have experienced fast growth in business and profitability recently. Our revenue increased by 24.2% from RMB4,369.9 million in the six months ended December 31, 2020 to RMB5,426.9 million in the six months ended December 31, 2021. Our gross profit increased by 36.6% from RMB1,165.1 million in the six months ended December 31, 2020 to RMB1,591.3 million in the six months ended December 31, 2021, with our gross margin improving from 26.7% to 29.3% during the same period. We recorded a net profit of RMB338.6 million in the six months ended December 31, 2021, compared to a net loss of RMB1,655.6 million in the six months ended December 31, 2020. Our adjusted net profit, a non-IFRS financial measure, increased from RMB186.1 million in the six months ended December 31, 2020 to RMB389.0 million in the six months ended December 31, 2021.

### **BASIS OF PRESENTATION**

The historical financial information presented in this section has been prepared in accordance with IFRSs issued by the International Accounting Standards Board (“IASB”). The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments and paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are stated at their fair value. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in notes 2 and 3 to the Accountants’ Report in Appendix IA to this document.

---

## FINANCIAL INFORMATION

---

### MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors that impact the overall consumption and market for lifestyle products and pop toy products, including, among others, overall economic and industry trends and related impact on consumer behavior, production and procurement costs, and the competitive environment. Unfavorable changes in any of these general conditions could materially and adversely affect our results of operations.

While our business is influenced by these general factors, our results of operations are more directly affected by the following company-specific factors.

#### Store Network Expansion in China

Our ability to expand our store network, especially in China, is a key driver of our revenue growth. Our revenue generated from China was RMB6,364.0 million, RMB6,044.1 million, RMB7,291.2 million (US\$1,144.2 million), and RMB4,086.3 million (US\$641.2 million) in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2021, accounting for 67.7%, 67.3%, 80.4%, and 75.3% of our total revenue for the same periods, respectively. As of December 31, 2021, apart from five directly operated MINISO stores and five directly operated TOP TOY stores, substantially all of our other MINISO and TOP TOY stores in China were operated under our MINISO Retail Partner model. Our store network expansion in China is primarily sustained by our continued success in enticing our retail partners to open more MINISO stores at optimal locations. As a result, the number of MINISO stores in China increased from 2,533 as of June 30, 2020 to 2,939 as of June 30, 2021 and further to 3,168 as of December 31, 2021. Additionally, the fast growth of our new brand TOP TOY since December 2020 has also contributed to the expansion of our store network in China. In approximately one year since the launch of our “TOP TOY” brand, we had opened 89 stores, ranking third in store coverage among major brands in China’s pop toy market as of December 31, 2021, according to the Frost & Sullivan Report. The expansion of our store network has been negatively affected by COVID-19. See “Risk Factors – Risks Related to Our Business and Industry – Our operations have been and may continue to be affected by COVID-19 pandemic” for more information on the impact of COVID-19 on the expansion of our store network.

Our mutually beneficial and long-lasting relationships with MINISO Retail Partners are largely attributable to our powerful brand, easy-to-operate model and attractive returns. Our MINISO Retail Partner model allows the MINISO Retail Partners to rely on the strength of our “MINISO” brand and receive substantial store management guidance from us, while reaping sizeable financial reward from product sales.

---

## FINANCIAL INFORMATION

---

### **Globalization Strategy**

Our results of operations are affected by our ability to execute our globalization strategy, which primarily involves expanding into new international markets and growing our store network overseas. Our revenue from markets outside of China was RMB3,030.9 million, RMB2,934.9 million and RMB1,780.5 million (US\$279.4 million), and RMB1,340.6 million (US\$210.4 million) in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2021, accounting for 32.3%, 32.7%, 19.6%, and 24.7% of our total revenue for the same periods, respectively. In the majority of the international markets, we expand our store network by using the distributor model. Depending on factors such as market environment and local regulations, we also utilize the MINISO Retail Partner model for international store network expansion in an asset-light manner and direct operation model. The significant revenue contribution from international markets demonstrates the appeal of our “MINISO” brand across geographical and cultural boundaries and testifies to the success of our globalization strategy. The number of MINISO stores outside of China increased from 1,689 as of June 30, 2020 to 1,810 as of June 30, 2021 and further to 1,877 as of December 31, 2021. The expansion of our store network has been negatively affected by COVID-19. See “Risk Factors – Risks Related to Our Business and Industry – Our operations have been and may continue to be affected by COVID-19 pandemic” for more information on the impact of COVID-19 on the expansion of our store network.

### **Revenue Per MINISO Store**

While we continue to expand our store network, our results of operations are also affected by revenue per MINISO store. Our revenue per MINISO store, which is calculated by dividing (a) revenue of MINISO brand (excluding Africa and Germany before 2021) by (b) the average of number of stores at the beginning and the end of the relevant period, has fluctuated significantly historically, and may continue to fluctuate in future periods. As a global retailer offering a variety of design-led lifestyle products, we expect to continue to face intense competition in a variety of the markets we operate. Our ability to successfully leverage our competitive strengths, including our ability to continue to offer high appeal, high quality and high affordability products, take a disciplined approach in store network expansion, develop efficient supply chain, deepen consumer engagement and strengthen technical capability and our penetrating into more lower-tier cities in China and international expansion using a distributor, self-operating or retail partner model will all affect our revenue per MINISO store, our business operation and results of operations.

### **Product Value Propositions**

We primarily generate revenues from sales of high-quality, and affordable lifestyle and pop toy products that are responsive to the evolving tastes and needs of consumers. Our dynamic product development and the resulting exceptional product value propositions to consumers have contributed to our growth and brand affinity. Our product managers identify relevant market trends and collaborate closely with our designers and suppliers to develop and continuously roll out products that reflect an optimal balance of appeal, quality and price.

---

## FINANCIAL INFORMATION

---

Furthermore, our co-branding collaborations with IP licensors owning popular brands unlock exciting product design possibilities and elevate our brand awareness. Further, we have developed the ability to identify and cultivate new IPs and co-develop them with independent design artists into popular IP products, mostly under our TOP TOY brand, which differentiates our TOP TOY product line from similar products and enhances brand awareness and customer loyalty. As a result of our distinct approach to product design and development, our flagship brand “MINISO” maintained a portfolio of about 8,800 core SKUs spanning 11 major categories, with an average of about 550 SKUs launched per month in the fiscal year ended June 30, 2021. Under the fast-growing TOP TOY brand, we offered around 4,600 SKUs as of December 31, 2021 across 8 major categories, including blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji, sculptures, and other popular toys.

### **Efficient Supply Chain**

Our ability to manage an integrated and seamless supply chain significantly impacts the results of our operations, as cost-effective procurement sets the foundation for our competitive product pricing, and efficient planning affects our speed to market. Leveraging China’s large supply chain in the lifestyle product sector, we source from qualified suppliers who are able to meet our demands. As part of our efforts to optimize supply chain, we build mutually beneficial relationships with our suppliers by procuring products in large volumes, being punctual with our payments to them in the ordinary course of business and guiding them towards better production efficiency and enhanced cost control. In addition, we digitally integrate suppliers through our supply chain management system to better coordinate with them and streamline the supply chain process for enhanced productivity. These strengths of our supply chain have led to sustained advantages in both procurement cost and efficiency, which allows us to price competitively.

### **IMPACT OF COVID-19 ON OUR OPERATIONS AND FINANCIAL PERFORMANCE**

The outbreak of COVID-19 has severely impacted China and the rest of the world. Our business and operations have also been affected as a result. In an effort to contain the spread of COVID-19 and its variants, many countries, including China, have taken precautionary measures, such as imposing travel restrictions, quarantining individuals infected with or suspected of having COVID-19, encouraging employees of enterprises to work remotely, and cancelling public activities, among others. To protect the health and well-being of our employees and consumers and in support of efforts to control the spread of the outbreak, we closed or reduced working hours at our headquarters and offices and made remote working arrangements in early 2020. Our headquarters and offices had been reopened in an orderly manner, and the majority of MINISO stores in China were open and operating under normal business hours by June 30, 2020. During the period from July 2020 to December 2021, the emergence of new variants of COVID-19 in China adversely impacted our store operations, which caused temporary store closures and reduced operating hours on occasion, as a result of governmental restrictions in public places to reduce the spread of virus. As the COVID-19 situation continues to evolve globally and new variants have emerged, MINISO stores in



---

## FINANCIAL INFORMATION

---

overseas markets have also been impacted by temporary store closures, reduced opening hours and/or reduced consumer traffic from late March 2020 to December 2021. As of December 31, 2021, about 4% of MINISO stores in overseas markets were temporarily closed. For those stores that resumed operations, a majority of them were half-opened or had operating hours reduced due to regional resurgences of COVID-19. Such negative impact of COVID-19 also adversely affected our store network expansion.

The recent outbreak of the Delta and Omicron variants of COVID-19 in several provinces in China has caused disruptions to the operation of our logistics and transportation service providers, which has also negatively impacted our product shipment and delivery. As a result, delivery of products from warehouses to MINISO stores and delivery of products from China to overseas markets were delayed. We and our overseas distributors incurred increased costs on product delivery.

In terms of financial results, negative impact of COVID-19 on our business operations has resulted in a decrease in our revenue generated from overseas operations and slower sales growth in China. Our revenue generated from international markets decreased by 3.2% from RMB3,030.9 million in the fiscal year ended June 30, 2019 to RMB2,934.9 million in the fiscal year ended June 30, 2020, and further decreased by 39.3% to RMB1,780.5 million (US\$279.4 million) in the fiscal year ended June 30, 2021. Our revenue generated from international markets increased by 64.9% from RMB813.2 million in the six months ended December 31, 2020 to RMB1,340.6 million (US\$210.4 million) in the six months ended December 31, 2021. In China, although our sales growth in 2021 was also negatively affected by the outbreaks of the Delta variant and Omicron variant of COVID-19 in certain provinces, we managed to realize a growth in revenue from China of 20.6% from RMB6,044.1 million in the fiscal year ended June 30, 2020 to RMB7,291.2 million (US\$1,144.2 million) in the fiscal year ended June 30, 2021. Our revenue generated from China also increased by 14.9% from RMB3,556.7 million in the six months ended December 31, 2020 to RMB4,086.3 million (US\$641.2 million) in the six months ended December 31, 2021.

While the duration of the pandemic, disruption to our business and related financial impact cannot be reasonably estimated at this time, we currently expect that our consolidated results of operations for the rest of fiscal year ended June 30, 2022 will continue to be negatively affected with potential continuing impact of COVID-19. See “Risk Factors – Risks Related to Our Business and Industry – Our operations have been and may continue to be affected by COVID-19 pandemic.”

As of December 31, 2021, we had cash, cash equivalents, restricted cash and other investments of RMB5,367.1 million (US\$842.2 million). In the fiscal year ended June 30, 2019, 2020 and 2021, we had net cash generated from operating activities of RMB1,038.5 million, RMB826.5 million and RMB916.3 million (US\$143.8 million), respectively. We believe our liquidity is sufficient to successfully navigate an extended period of uncertainty.



## FINANCIAL INFORMATION

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2 and 3 to the Accountants' Report in Appendix IA to this document.

### DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated in absolute amounts. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(Unaudited)</i>						
	<i>(in thousands)</i>						
<b>Continuing operations:</b>							
Revenue	9,394,911	8,978,986	9,071,659	1,423,542	4,369,860	5,426,908	851,600
Cost of sales	<u>(6,883,931)</u>	<u>(6,246,488)</u>	<u>(6,640,973)</u>	<u>(1,042,114)</u>	<u>(3,204,716)</u>	<u>(3,835,566)</u>	<u>(601,884)</u>
<b>Gross profit</b>	2,510,980	2,732,498	2,430,686	381,428	1,165,144	1,591,342	249,716
Other income	10,468	37,208	52,140	8,182	43,804	18,586	2,917
Selling and distribution expenses <sup>(1)</sup>	(818,318)	(1,190,477)	(1,206,782)	(189,370)	(627,492)	(725,622)	(113,866)
General and administrative expenses <sup>(1)</sup>	(593,205)	(796,435)	(810,829)	(127,237)	(441,163)	(432,696)	(67,899)
Other net income/(loss)	24,423	45,997	(40,407)	(6,341)	(70,755)	45,964	7,213

## FINANCIAL INFORMATION

	For the fiscal year ended June 30,			For the six months ended December 31,			
	2019	2020	2021	2020	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(Unaudited)</i>						
	<i>(in thousands)</i>						
Credit loss on trade and other receivables	(90,124)	(25,366)	(20,832)	(3,269)	(17,387)	(19,091)	(2,996)
Impairment loss on non-current assets	(27,542)	(36,844)	(2,941)	(462)	–	(9,536)	(1,496)
<b>Operating profit</b>	1,016,682	766,581	401,035	62,931	52,151	468,947	73,589
Finance income	7,311	25,608	40,433	6,345	23,044	26,437	4,149
Finance costs	(25,209)	(31,338)	(28,362)	(4,451)	(13,860)	(17,266)	(2,709)
Net finance (costs)/income	(17,898)	(5,730)	12,071	1,894	9,184	9,171	1,440
Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	(709,780)	(680,033)	(1,625,287)	(255,043)	(1,625,287)	–	–
Share of loss of equity-accounted investee, net of tax	–	–	(4,011)	(629)	–	(8,162)	(1,281)
<b>Profit/(loss) before taxation</b>	289,004	80,818	(1,216,192)	(190,847)	(1,563,952)	469,956	73,748
Income tax expense	(279,583)	(210,949)	(213,255)	(33,464)	(91,615)	(131,338)	(20,610)
<b>Profit/(loss) for the year/period from continuing operations</b>	9,421	(130,131)	(1,429,447)	(224,311)	(1,655,567)	338,618	53,138
<b>Discontinued operations:</b>							
Loss for the year/period from discontinued operations, net of tax	(303,830)	(130,045)	–	–	–	–	–
<b>(Loss)/profit for the year/period</b>	(294,409)	(260,176)	(1,429,447)	(224,311)	(1,655,567)	338,618	53,138

## FINANCIAL INFORMATION

For the fiscal year ended June 30,				For the six months ended December 31,		
2019	2020	2021	US\$	2020	2021	US\$
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
(Unaudited)						
(in thousands)						

**(Loss)/profit for  
the year/period  
attributable to:**

Equity shareholders of the Company	(290,647)	(262,267)	(1,415,010)	(222,046)	(1,651,857)	336,779	52,849
– Continuing operations	13,183	(132,222)	(1,415,010)	(222,046)	(1,651,857)	336,779	52,849
– Discontinued operations	(303,830)	(130,045)	–	–	–	–	–
Non-controlling interests	(3,762)	2,091	(14,437)	(2,265)	(3,710)	1,839	289
– Continuing operations	(3,762)	2,091	(14,437)	(2,265)	(3,710)	1,839	289

*Note:*

(1) Equity-settled share-based payment expenses were allocated as follows:

For the fiscal year ended June 30,				For the six months ended December 31,			
2019	2020	2021	US\$	2020	2021	US\$	
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	
(Unaudited)							
(in thousands)							
<b>Equity-settled share-based payment expenses:</b>							
Selling and distribution expenses	33,097	127,743	131,215	20,590	90,715	32,368	5,079
General and administrative expenses	88,961	236,637	150,104	23,555	125,662	18,032	2,830
<b>Total</b>	<b>122,058</b>	<b>364,380</b>	<b>281,319</b>	<b>44,145</b>	<b>216,377</b>	<b>50,400</b>	<b>7,909</b>

---

## FINANCIAL INFORMATION

---

### NON-IFRS FINANCIAL MEASURE

In evaluating our business, we consider and use adjusted net profit, a non-IFRS measure, as a supplemental measure to review and assess our operating performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. We define adjusted net profit, a non-IFRS measure, as profit/(loss) from continuing operations excluding (i) fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights, (ii) equity-settled share-based payment expenses, and (iii) employee compensation expenses related to non-forfeitable dividends related to unvested restricted shares.

We present adjusted net profit, a non-IFRS measure, because it is used by our management to evaluate our operating performance and formulate business plans. Adjusted net profit, a non-IFRS measure, enables our management to assess our operating results without considering the impacts of the aforementioned non-cash and other adjustment items. Accordingly, we believe that the use of this non-IFRS financial measure provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

This non-IFRS financial measure is not defined under IFRS and is not presented in accordance with IFRS. The non-IFRS financial measure has limitations as an analytical tool. One of the key limitations of using adjusted net profit, a non-IFRS measure, is that it does not reflect all items of income and expense that affect our operations.

Further, this non-IFRS measure may differ from the non-IFRS information used by other companies, including peer companies, and therefore its comparability may be limited.

The non-IFRS financial measure should not be considered in isolation or construed as an alternative to profit/(loss) or any other measure of performance. Investors are encouraged to review our historical non-IFRS financial measure in light of the most directly comparable IFRS measure, as shown below. The non-IFRS financial measure presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analyzing our data comparatively. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

We recorded adjusted net profit, a non-IFRS financial measure, of RMB841.3 million, RMB933.9 million and RMB477.2 million in the fiscal years ended June 30, 2019, 2020 and 2021, respectively. We also recorded adjusted net profit, a non-IFRS financial measure, of RMB389.0 million in the six months ended December 31, 2021. The following table reconciles our adjusted net profit, a non-IFRS measure, for the fiscal years ended June 30, 2019, 2020, 2021 and for the six months ended December 31, 2020 and 2021 to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit/(loss) for the year/period from continuing operations.

## FINANCIAL INFORMATION

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	(Unaudited)						
	(in thousands)						
<b>Reconciliation of profit/(loss) for the year/period from continuing operations to adjusted net profit: Profit/(loss) for the year/period from continuing operations</b>	9,421	(130,131)	(1,429,447)	(224,311)	(1,655,567)	338,618	53,138
Add back:							
Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	709,780	680,033	1,625,287	255,043	1,625,287	-	-
Equity-settled share-based payment expenses	122,058	364,380	281,319	44,145	216,377	50,400	7,909
Employee compensation expenses related to non- forfeitable dividends related to unvested restricted shares	-	19,664	-	-	-	-	-
<b>Adjusted net profit, a non-IFRS measure</b>	<u>841,259</u>	<u>933,946</u>	<u>477,159</u>	<u>74,877</u>	<u>186,097</u>	<u>389,018</u>	<u>61,047</u>

Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are related to preferred shares issued to investors prior to our initial public offering in the United States, after the completion of which this item is no longer recorded in our consolidated financial statements. Equity-settled share-based payment expenses are non-cash employee related expenses arising from grant of share incentive awards. Employee compensation expenses related to non-forfeitable dividends related to unvested restricted shares represent non-forfeitable dividend paid to employees in December 2019 in connection with restricted shares granted to them. These expenses were charged to our consolidated statements of profit or loss as such restricted shares were unvested at that time. This is an expense item recorded in our consolidated statements of profit or loss.

## FINANCIAL INFORMATION

### Revenue

We primarily derive our revenue from sales of lifestyle and pop toy products through sales to MINISO Retail Partners, sales to offline distributors, retail sales in directly operated stores and through online channels. Other sources of revenue mainly include license fees from MINISO Retail Partners and distributors, and sales-based royalties and sales-based management and consultation service fees income from MINISO Retail Partners. The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by revenue source for the periods presented:

	For the fiscal year ended June 30,						For the six months ended December 31,					
	2019		2020		2021		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(Unaudited)											
	(in thousands, except for percentages)											
<b>Revenue:</b>												
- Sales of lifestyle and pop toy products:												
- Retail sales in self-operated stores	290,787	3.1	364,638	4.1	323,775	50,807	3.6	168,398	3.9	291,238	45,702	5.4
- Product sales to franchisees <sup>(1)</sup>	4,957,273	52.8	4,584,288	51.0	5,506,365	864,069	60.6	2,712,007	61.9	2,988,169	468,909	55.0
- Sales to offline distributors	3,067,207	32.6	2,683,829	29.9	1,509,840	236,927	16.6	684,296	15.7	1,073,836	168,508	19.8
- Online sales <sup>(2)</sup>	138,284	1.5	308,455	3.4	663,197	104,070	7.3	295,690	6.8	367,075	57,602	6.8
- Other sales channels <sup>(3)</sup>	11,118	0.1	114,204	1.3	33,499	5,257	0.4	12,804	0.3	97,293	15,267	1.8
Sub-total	8,464,669	90.1	8,055,414	89.7	8,036,676	1,261,130	88.5	3,873,195	88.6	4,817,611	755,988	88.8
- License fees, sales-based royalties, and sales-based management and consultation service fees:												
- Revenue from franchisees <sup>(1)</sup>												
- License fees	13,603	0.1	58,473	0.7	53,977	8,470	0.6	20,304	0.5	42,200	6,622	0.8
- Sales-based royalties	94,374	1.0	82,444	0.9	97,848	15,354	1.1	48,093	1.1	53,392	8,378	1.0
- Sales-based management and consultation service fees	491,005	5.2	426,731	4.8	488,138	76,600	5.4	240,465	5.5	263,002	41,272	4.8
- Revenue from offline distributors												
- License fees	13,620	0.1	19,996	0.2	18,415	2,890	0.2	10,390	0.2	9,172	1,439	0.2
Sub-total	612,602	6.5	587,644	6.6	658,378	103,314	7.3	319,252	7.3	367,766	57,711	6.8
- Others <sup>(4)</sup>	317,640	3.4	335,928	3.7	376,605	59,098	4.2	177,413	4.1	241,531	37,901	4.4
<b>Total</b>	<b>9,394,911</b>	<b>100.0</b>	<b>8,978,986</b>	<b>100.0</b>	<b>9,071,659</b>	<b>1,423,542</b>	<b>100.0</b>	<b>4,369,860</b>	<b>100.0</b>	<b>5,426,908</b>	<b>851,600</b>	<b>100.0</b>

## FINANCIAL INFORMATION

*Notes:*

- (1) Represents sales to/revenue from MINISO Retail Partners.
- (2) Online sales does not include sales through O2O platforms, which are accounted for in sales through offline channels. Revenue generated from self-operated stores on third-party e-commerce platform accounted for over 90% of the total revenue generated through online sales during the Track Record Period.
- (3) “Other sales channels” mainly represents group-buying channels.
- (4) “Others” mainly represents sales of fixtures to franchisees and distributors.

The following tables sets forth our gross profit and gross profit margin broken down by revenue source for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	<i>(in thousands)</i>				<i>(Unaudited)</i>		
<b>Gross profit:</b>							
- Sales of lifestyle and pop toy products:							
- Retail sales in self-operated stores	175,175	168,646	135,137	21,206	37,909	218,098	34,224
- Product sales to franchisees	818,381	843,526	919,152	144,235	450,386	531,867	83,462
- Sales to offline distributors	699,989	863,589	456,768	71,677	223,168	325,913	51,143
- Online Sales	22,594	79,795	125,412	19,680	65,889	81,961	12,861
- Other sales channels	6,644	45,648	11,209	1,759	4,067	14,409	2,261
Sub-total	1,722,783	2,001,204	1,647,678	258,557	781,419	1,172,248	183,951
- License fees, sales-based royalties, and sales-based management and consultation service fees:							
- Revenue from franchisees							
- License fees	13,603	58,473	53,977	8,470	20,304	42,200	6,622
- Sales-based royalties	94,374	82,444	97,848	15,354	48,093	53,392	8,378
- Sales-based management and consultation service fees	491,005	426,731	488,138	76,600	240,465	263,002	41,272
- Revenue from offline distributors							
- License fees	13,620	19,996	18,415	2,890	10,390	9,172	1,439
Sub-total	612,602	587,644	658,378	103,314	319,252	367,766	57,711
- Others	175,595	143,650	124,630	19,557	64,473	51,328	8,054
<b>Total</b>	<b>2,510,980</b>	<b>2,732,498</b>	<b>2,430,686</b>	<b>381,428</b>	<b>1,165,144</b>	<b>1,591,342</b>	<b>249,716</b>



## FINANCIAL INFORMATION

	For the fiscal year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>(Unaudited)</i>				
<b>Gross profit margin (%):</b>					
– Sales of lifestyle and pop toy products:					
– Retail sales in self-operated stores	60.2	46.3	41.7	22.5	74.9
– Product sales to franchisees	16.5	18.4	16.7	16.6	17.8
– Sales to offline distributors	22.8	32.2	30.3	32.6	30.4
– Online Sales	16.3	25.9	18.9	22.3	22.3
– Other sales channels	59.8	40.0	33.5	31.8	14.8
Sub-total	20.4	24.8	20.5	20.2	24.3
– License fees, sales-based royalties, and sales-based management and consultation service fees:					
– Revenue from franchisees					
– License fees	100.0	100.0	100.0	100.0	100.0
– Sales-based royalties	100.0	100.0	100.0	100.0	100.0
– Sales-based management and consultation service fees	100.0	100.0	100.0	100.0	100.0
– Revenue from offline distributors					
– License fees	100.0	100.0	100.0	100.0	100.0
Sub-total	100.0	100.0	100.0	100.0	100.0
– Others	55.3	42.8	33.1	36.3	21.3
<b>Total</b>	<b>26.7</b>	<b>30.4</b>	<b>26.8</b>	<b>26.7</b>	<b>29.3</b>

Our gross profit margin of the sales of lifestyle and pop toy products decreased from 24.8% in the fiscal year ended June 30, 2020 to 20.5% in the fiscal year ended June 30, 2021, primarily due to (i) a decrease in the gross profit margin of retail sales in self-operated stores from 46.3% to 41.7%, (ii) a decrease in the gross profit margin of product sales to franchisees from 18.4% to 16.7%, and (iii) a decrease in the gross profit margin of online sales from 25.9% to 18.9%, as a result of our efforts to accelerate the growth of our business through promotions to mitigate the impact of the restrictions imposed due to COVID-19.

## FINANCIAL INFORMATION

Our gross profit margin of the others, which mainly represents sales of fixtures to franchisees and distributors, decreased from 42.8% in the fiscal year ended June 30, 2020 to 33.1% in the fiscal year ended June 30, 2021. Our gross profit margin of the others also decreased from 36.3% in the six months ended December 31, 2020 to 21.3% in the six months ended December 31, 2021. Both changes are primarily due to a higher sales of fixtures to franchisees at a relatively concessionary price.

The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by brand for the periods presented:

	For the fiscal year ended June 30,						For the six months ended December 31,					
	2019		2020		2021		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(Unaudited)											
	(in thousands, except for percentages)											
<b>Revenue:</b>												
MINISO brand	9,143,883	97.3	8,721,620	97.1	8,735,947	1,370,861	96.3	4,237,663	97.0	5,074,106	796,238	93.5
TOP TOY brand	-	-	-	-	98,241	15,416	1.1	2,617	0.1	240,328	37,713	4.4
Others <sup>(1)</sup>	251,028	2.7	257,366	2.9	237,471	37,265	2.6	129,580	2.9	112,474	17,649	2.1
<b>Total</b>	<b>9,394,911</b>	<b>100.0</b>	<b>8,978,986</b>	<b>100.0</b>	<b>9,071,659</b>	<b>1,423,542</b>	<b>100.0</b>	<b>4,369,860</b>	<b>100.0</b>	<b>5,426,908</b>	<b>851,600</b>	<b>100.0</b>

Note:

(1) “Others” mainly represents “WonderLife” brand.

The following table sets forth a breakdown of revenue from TOP TOY business for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(Unaudited)						
	(in thousands)						
Sales of pop toys	-	-	60,606	9,510	2,327	172,262	27,032
License fees, sales-based royalties, sales-based management and consultation service fees	-	-	4,617	725	-	7,460	1,171
Others <sup>(1)</sup>	-	-	33,018	5,181	290	60,606	9,510
<b>Total</b>	<b>-</b>	<b>-</b>	<b>98,241</b>	<b>15,416</b>	<b>2,617</b>	<b>240,328</b>	<b>37,713</b>

Note:

(1) “Others” mainly represents sales of fixtures to franchisees.

## FINANCIAL INFORMATION

We launched TOP TOY business in December 2020. Revenue from TOP TOY brand increased from RMB2.6 million in the six months ended December 31, 2020 to RMB240.3 million in the six months ended December 31, 2021, primarily due to an increase in the number of TOP TOY stores. The number of TOP TOY stores increased rapidly to 89 as of December 31, 2021. Also, we further launched online sales of products under TOP TOY brand in 2021 and generated a revenue of RMB15.9 million in the six month ended December 31, 2021, which also contributed to the revenue growth from the six months ended December 31, 2020 to the six months ended December 31, 2021. Others mainly represents sales of fixtures to franchisees, which increased significantly from RMB0.3 million in the six months ended December 31, 2020 to RMB60.6 million in the six months ended December 31, 2021. The increase was primarily due to the rapid increase in the number of TOP TOY stores and our retail partners purchased store construction and decoration materials from us for stores they operate.

The following table breaks down our revenue by geographic region for the periods presented:

	For the fiscal year ended June 30,						For the six months ended December 31,					
	2019		2020		2021		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	<i>(Unaudited)</i>											
	<i>(in thousands, except for percentages)</i>											
<b>Revenue:</b>												
China	6,363,998	67.7	6,044,100	67.3	7,291,219	1,144,152	80.4	3,556,678	81.4	4,086,285	641,227	75.3
Asian countries												
excluding China	1,738,348	18.5	1,428,035	15.9	961,622	150,899	10.6	424,878	9.7	571,636	89,702	10.5
Americas	1,049,334	11.2	1,221,058	13.6	584,630	91,741	6.4	277,743	6.4	595,630	93,467	11.0
Europe	124,600	1.3	172,169	1.9	117,214	18,393	1.3	64,260	1.5	119,013	18,676	2.2
Others	118,631	1.3	113,624	1.3	116,974	18,357	1.3	46,301	1.0	54,344	8,528	1.0
<b>Total</b>	<b>9,394,911</b>	<b>100.0</b>	<b>8,978,986</b>	<b>100.0</b>	<b>9,071,659</b>	<b>1,423,542</b>	<b>100.0</b>	<b>4,369,860</b>	<b>100.0</b>	<b>5,426,908</b>	<b>851,600</b>	<b>100.0</b>

### Cost of Sales

Our cost of sales mainly consists of cost of inventories. Cost of inventories accounted for 100.0%, 100.0%, 99.1%, 99.2% and 98.1% of our total cost of sales for the fiscal year ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2020 and 2021. Cost of inventories comprises carrying amount of inventories sold and inventory write-down. Other than cost of inventories, cost of sales also include logistics expenses and depreciation and amortization expense. Logistics expenses mainly represent shipping expenses for the products sold to customers through e-commerce channels. Our cost of sales was RMB6,883.9 million,

## FINANCIAL INFORMATION

RMB6,246.5 million, RMB6,641.0 (US\$1,042.1 million), RMB3,204.7 million, and RMB3,835.6 million (US\$601.9 million) in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021, respectively.

### Gross Profit and Margin

The following table sets forth our gross profit and gross margin for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	<i>(Unaudited)</i>						
	<i>(in thousands, except for percentages)</i>						
Gross profit	2,510,980	2,732,498	2,430,686	381,428	1,165,144	1,591,342	249,716
Gross margin (%)	26.7	30.4	26.8	26.8	26.7	29.3	29.3

The following tables sets forth our gross profit and gross profit margin broken down by brand for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	<i>(Unaudited)</i>						
	<i>(in thousands)</i>						
<b>Gross profit:</b>							
MINISO brand	2,465,501	2,673,959	2,372,677	372,325	1,137,240	1,559,260	244,682
TOP TOY brand	–	–	11,536	1,810	1,086	7,592	1,191
Others <sup>(1)</sup>	45,479	58,539	46,473	7,293	26,818	24,490	3,843
<b>Total</b>	<b>2,510,980</b>	<b>2,732,498</b>	<b>2,430,686</b>	<b>381,428</b>	<b>1,165,144</b>	<b>1,591,342</b>	<b>249,716</b>

Note:

(1) “Others” mainly represents “WonderLife” brand.

---

## FINANCIAL INFORMATION

---

	For the fiscal year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
				<i>(Unaudited)</i>	
<b>Gross profit margin (%):</b>					
MINISO brand	27.0	30.7	27.2	26.8	30.7
TOP TOY brand	–	–	11.7	41.5	3.2
Others <sup>(1)</sup>	18.1	22.7	19.6	20.7	21.8
<b>Total</b>	26.7	30.4	26.8	26.7	29.3

*Note:*

(1) “Others” mainly represents “WonderLife” brand.

Our gross profit margin of TOP TOY brand decreased from 41.5% in the six months ended December 31, 2020 to 11.7% in the full year ended June 30, 2021 primarily due to the change in the mix of sales channels of TOP TOY brand with a significantly increasing portion of sales to franchisees as we only launched this brand in December 2020, and it further dropped to 3.2% in the six months ended December 31, 2021 resulting from the increase in sales to franchisees and a higher sales of fixtures to franchisees at a relatively concessionary price, in the six months ended December 31, 2021.

We adopt a cost plus mark-up pricing strategy for products we sell. The products we sell are manufactured by third-party manufacturers. We set prices for the products to be sold to customers based on purchase costs plus a mark-up. As a result, the level of our gross profit margin is dependent on the level of mark-ups we added on top of costs we incurred.

## FINANCIAL INFORMATION

The following tables sets forth our gross profit and gross profit margin for our operations in China and overseas markets for the periods presented:

	For the fiscal year ended June 30,			For the six months ended December 31,			
	2019	2020	2021	2020	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
							<i>(Unaudited)</i>
							<i>(in thousands)</i>
<b>Gross profit:</b>							
China	1,636,030	1,662,512	1,813,068	284,510	893,868	1,026,520	161,083
Overseas markets	874,950	1,069,986	617,618	96,918	271,276	564,822	88,633
<b>Total</b>	<u>2,510,980</u>	<u>2,732,498</u>	<u>2,430,686</u>	<u>381,428</u>	<u>1,165,144</u>	<u>1,591,342</u>	<u>249,716</u>

	For the fiscal year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>(Unaudited)</i>				
<b>Gross profit margin (%):</b>					
China	25.7	27.5	24.9	25.1	25.1
Overseas markets	28.9	36.5	34.7	33.4	42.1
<b>Overall</b>	<u>26.7</u>	<u>30.4</u>	<u>26.8</u>	<u>26.7</u>	<u>29.3</u>

Our gross profit margin of our operations in China increased from 25.7% in the fiscal year ended June 30, 2019 to 27.5% in the fiscal year ended June 30, 2020, and our gross profit margin in overseas markets increased from 28.9% in the fiscal year ended June 30, 2019 to 36.5% in the fiscal year ended June 30, 2020. Both changes are primarily due to (i) a decrease in our applicable value-added tax rate, and (ii) the overall expansion of our co-branded IP product offering, which typically has a higher gross margin.

Our gross profit margin of our operations in China decreased from 27.5% in the fiscal year ended June 30, 2020 to 24.9% in the fiscal year ended June 30, 2021, and our gross profit margin in overseas markets decreased from 36.5% in the fiscal year ended June 30, 2020 to 34.7% in the fiscal year ended June 30, 2021. Both changes are primarily due to our efforts to accelerate the growth of our business through promotions to mitigate the impact of the restrictions imposed due to COVID-19.

## FINANCIAL INFORMATION

Our gross profit margin of our operations in China remained stable in the six months ended December 31, 2020 and 2021, respectively. Our gross profit margin of our operations in overseas markets increased from 33.4% in the six months ended December 31, 2020 to 42.1% in the six months ended December 31, 2021, primarily due to an increased revenue contribution from our directly operated markets, which generally have a higher gross profit margin. In addition, our gross profit margin was also positively affected by our expanded IP product offering, which generally has a higher gross profit margin.

### Other Income

Other income consists of tax refund, government grants and income from depository bank. Government grants mainly represented unconditional cash awards granted by the local authorities in China. There is no assurance that we will continue to receive any government grants in the future. The following table sets forth the breakdown of our other income by type for the periods presented:

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(Unaudited)</i>						
	<i>(in thousands)</i>						
Tax refund	1,203	606	1,279	201	203	1,610	253
Government grants	9,265	36,602	46,587	7,311	42,344	13,920	2,184
Income from depository bank	-	-	4,274	670	1,257	3,056	480
<b>Total</b>	<b>10,468</b>	<b>37,208</b>	<b>52,140</b>	<b>8,182</b>	<b>43,804</b>	<b>18,586</b>	<b>2,917</b>



## FINANCIAL INFORMATION

### Selling and Distribution Expenses

Selling and distribution expenses primarily consist of (i) payroll and employee benefits, which cover salaries, wages and bonus, contributions to social security contribution plan, welfare expenses, and equity-settled share-based payment expenses, (ii) rental and related expenses, (iii) depreciation and amortization expenses, (iv) promotion and advertising expenses, (v) licensing expenses, (vi) logistics expenses, and (vii) travelling expenses. Our selling and distribution expenses were RMB818.3 million, RMB1,190.5 million, RMB1,206.8 million (US\$189.4 million), RMB627.5 million, and RMB725.6 million (US\$113.9 million) in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021, respectively.

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(Unaudited)</i>						
	<i>(in thousands)</i>						
Payroll and employee benefits	346,871	435,093	436,750	68,536	238,120	235,997	37,033
Equity-settled share-based payment expenses	33,097	127,743	131,215	20,590	90,715	32,368	5,079
Other payroll and employee benefits	313,774	307,350	305,535	47,945	147,405	203,629	31,954
Rental and related expenses	31,469	37,956	7,143	1,121	10,598	3,077	483
Depreciation and amortization	154,453	214,509	209,003	32,797	100,770	117,519	18,441
Licensing expenses	21,851	109,488	88,063	13,819	43,114	73,946	11,604
Promotion and advertising expenses	85,611	128,447	214,788	33,705	95,643	137,067	21,509
Logistics expenses	105,940	154,763	138,804	21,781	78,949	83,204	13,057
Travelling expenses	28,553	42,697	40,049	6,285	21,293	28,578	4,485
Other expenses	43,570	67,524	72,182	11,327	39,005	46,234	7,254
<b>Total</b>	<b>818,318</b>	<b>1,190,477</b>	<b>1,206,782</b>	<b>189,370</b>	<b>627,492</b>	<b>725,622</b>	<b>113,866</b>

## FINANCIAL INFORMATION

### General and Administrative Expenses

General and administrative expenses primarily consist of (i) payroll and employee benefits, which cover salaries, wages and bonus, contributions to social security contribution plan, welfare expenses, and equity-settled share-based payment expenses, (ii) depreciation and amortization expenses, (iii) travelling expenses, (iv) IT service fees, and (v) professional service fees. Our general and administrative expenses were RMB593.2 million, RMB796.4 million, RMB810.8 million (US\$127.2 million), RMB441.2 million, and RMB432.7 million (US\$67.9 million) in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021, respectively.

	For the fiscal year ended June 30,				For the six months ended December 31,		
	2019	2020	2021		2020	2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	(Unaudited)						
	(in thousands)						
Payroll and employee benefits	348,622	549,802	479,435	75,234	285,277	215,596	33,832
Equity-settled share-based payment expenses	88,961	236,637	150,104	23,555	125,662	18,032	2,830
Other payroll and employee benefits	259,661	313,165	329,331	51,679	159,615	197,564	31,002
Depreciation and amortization	37,325	54,160	56,016	8,790	24,613	65,107	10,217
Travelling expenses	31,549	26,593	12,917	2,027	6,802	8,822	1,384
IT service fees	22,424	25,123	52,618	8,257	16,995	36,550	5,735
Professional service fees	26,331	39,325	70,598	11,078	44,548	23,150	3,633
Other expenses	126,954	101,432	139,245	21,851	62,928	83,471	13,098
<b>Total</b>	<b>593,205</b>	<b>796,435</b>	<b>810,829</b>	<b>127,237</b>	<b>441,163</b>	<b>432,696</b>	<b>67,899</b>

### Other Net Income/(Loss)

Other net income/(loss) mainly consists of net foreign exchange gain and investment income from certain financial assets we invested in. See note 9 to Accountants' Report in Appendix IA to this document for more information.

---

## FINANCIAL INFORMATION

---

### **Taxation**

Our income tax expense represented a significant portion of our profit before taxation for the fiscal years ended June 30, 2019, 2020 and 2021 and for the six months ended December 31, 2021, primarily because of the occurrence of two large non-tax deductible expense items in those periods, namely fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights and equity-settled share-based payment expenses. For the fiscal year ended June 30, 2021 and for the six months ended December 31, 2021, equity-settled share-based payment expenses and the effect of unused tax losses not recognized significantly contributed to our income tax expense. Our fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights totaled RMB709.8 million, RMB680.0 million, RMB1,625.3 million (US\$255.0 million), RMB1,625.3 million, and nil in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021, respectively. Our equity-settled share-based payment expenses totaled RMB122.1 million, RMB364.4 million, RMB281.3 million (US\$44.1 million), RMB216.4 million, and RMB50.4 million (US\$7.9 million) in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021, respectively. The effect of unused tax losses not recognized was RMB73.0 million (US\$11.5 million) and RMB10.1 million (US\$1.6 million) in the fiscal year ended June 30, 2021 and the six months ended December 31, 2021.

### ***Cayman Islands***

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation.

### ***British Virgin Islands***

Our BVI subsidiaries and all dividends, interest, rents, royalties, compensation and other amounts paid by our BVI subsidiaries to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of our BVI subsidiaries by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI.

### ***Hong Kong***

Under the current Hong Kong Inland Revenue Ordinance, our Hong Kong subsidiaries are subject to Hong Kong profits tax at the rate of 16.5% on their taxable income generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first HKD2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

---

## FINANCIAL INFORMATION

---

### *China*

Under the Corporate Income Tax (“CIT”) Law, our subsidiaries established in the PRC are subject to a unified statutory CIT rate of 25%. A subsidiary established in Hengqin New Area of Zhuhai, a pilot free trade zone in the PRC, met the criteria for a preferential income tax rate of 15%.

### *United States*

Under the United States Internal Revenue Code, our subsidiaries established in United States are subject to a Federal CIT rate of 21% and variable state income and franchise tax, depending on which state the subsidiaries has nexus with. Most of subsidiaries in the United States are operating in the state of California, and thus they will be subject to state income tax rate of 8.84%.

### *Indonesia*

Our subsidiary incorporated in Indonesia elected to pay profit tax at 0.5% of gross revenue for the fiscal years ended December 31, 2018 and 2019. In the following years, our subsidiary is subject to the prevailing statutory tax rate on taxable income. In response to the COVID-19 outbreak, the statutory tax rate will be progressively lowered to 22% for the fiscal years ended or ending December 31, 2020 and 2021, and 20% starting from fiscal year ending December 31, 2022 onwards.

### *India*

Under the Income Tax Act 1961 enacted in India, our subsidiary incorporated in India is subject to a profit tax rate of 26%.

### *Canada*

Under the Canadian federal and provincial tax rules, our subsidiaries incorporated in Canada are subject to the combined Canadian federal and provincial statutory income tax rates ranging from 23% to 31% depending on the location of the operation.

### *Singapore*

Under the Income Tax Act enacted in Singapore, the subsidiaries incorporated in Singapore are subject to a tax rate of 17% on its chargeable income.

---

## FINANCIAL INFORMATION

---

### DISCONTINUED OPERATIONS

In May 2019, our board of directors approved a plan to dispose of the NOME business, Minihome business, MINISO African business and MINISO German business within one year, and the results of these operations are included as discontinued operations for the years ended June 30, 2019 and 2020. We disposed of such interests as their operational and financial performance failed to meet management expectations and these entities continue to be loss-making. The circumstances leading to the historical loss are, for example, the high inventory pressure and occupation of working capital caused by the clothing products under the NOME business; the fierce competition faced by the NOME business and Minihome business in the fashion and furniture industry, respectively; and the political instability and immaturity of our consumer market in Africa which adversely affected the MINISO African business. As such, we dispose these interests to reduce the unreasonably high costs of maintaining the competitive advantage of some of these businesses. To the best knowledge and belief of our Directors, the subsidiaries that were disposed of did not have any material non-compliance during the Track Record Period prior to their disposals. We continued to actively manage these operations until the disposal transactions completed.

MINISO African business included MINISO Nigeria, MINISO Uganda, MINISO South Africa, MINISO Tanzania and MINISO Kenya. MINISO African business and MINISO German business operated stores under our MINISO brand in the respective regions before the disposals. MINISO Uganda, MINISO Tanzania and MINISO Germany operated stores under the direct operation model. Each of MINISO Nigeria, MINISO South Africa and MINISO Kenya operated stores under both direct operation model and MINISO Retail Partner model. We operated stores in these regions under the direct operation model as we aimed to dive into such local markets to gain insights with more control of local operations. However, in these regions, the stage of economic development, market potentials and popularity of our products among consumers failed to meet our expectations. In particular, in Germany, there were strict inspection requirements for imported goods, which increased the costs of our operation in order to meet such requirements. Therefore, we decided to dispose of these businesses after taking into account such factors as well as their loss-making nature. During the period from December 2019 to April 2020, we entered into a series of share purchase agreements, pursuant to which we agreed to sell all of our equity interests in MINISO Nigeria, MINISO Uganda, MINISO South Africa, MINISO Tanzania and MINISO Germany to a company jointly controlled by Mr. Ye and Ms. Yang and a company controlled by Mr. Ye at a nominal value. In February 2020, we entered into another share purchase agreement, pursuant to which we agreed to sell our 100% equity interests in MINISO Kenya to an independent third-party entity at a nominal value. The consideration of such disposals was determined as a nominal value due to the net liabilities position or loss-making nature of the subsidiaries. As of the Latest Practicable Date, MINISO Germany, MINISO Uganda, MINISO South Africa and MINISO Tanzania had ceased operations and all the stores they operated had been closed. As of the Latest Practicable Date, MINISO Nigeria had 28 stores in operation under the distributor model, and MINISO Kenya had ten stores in operation under the distributor model.

---

## FINANCIAL INFORMATION

---

During the period from January 2020 to March 2020, we entered into a series of share purchase agreements, pursuant to which we agreed to sell our 100% equity interests in the Minihome business and NOME business to several companies jointly controlled by Mr. Ye and Ms. Yang at a nominal value. The consideration of such disposals was determined as a nominal value due to the net liabilities position or loss-making nature of the subsidiaries. The Minihome business was mainly engaged in the sales of furniture and operated under the direct operation model before the disposal. The NOME business, which had over 200 stores, was operated under the NOME brand under the direct operation model and MINISO Retail Partner model, and engaged in the sales of clothing products and other lifestyle items, and was in competition with another company, an independent third party that operated similar business under the same brand. The purpose of the disposal of NOME business was also to reduce the costs of maintaining a competitive advantage under this brand. We operated the Minihome stores and NOME stores under the direct operation model as we aimed to capture more market potential by meeting various consumer needs. We later decided to discontinue the Minihome business and NOME business to have a stronger focus on our MINISO brand and our key product categories under our MINISO brand. In particular, the NOME brand was originally planned to target consumers in lower-tier cities than our MINISO brand. However, our MINISO brand has been penetrating into lower-tier cities these years, and as such, we disposed of the NOME business to reduce the cost of operating stores under two brands in the same markets. As of the Latest Practicable Date, all of the Minihome stores and NOME stores have been closed.

Our revenue from discontinued operations was RMB498.1 million, RMB282.9 million, nil, nil, and nil in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021. Our loss from discontinued operations, net of tax was RMB303.8 million, RMB130.0 million, nil, nil, and nil in the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2020 and 2021. See note 5 to Accountants' Report in Appendix IA to this document for more information.

---

## FINANCIAL INFORMATION

---

### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Six months ended December 31, 2021 compared to six months ended December 31, 2020

##### *Revenue*

Our revenue increased by 24.2% from RMB4,369.9 million in the six months ended December 31, 2020 to RMB5,426.9 million (US\$851.6 million) in the six months ended December 31, 2021, mainly attributable to an increase in revenue generated from sales of lifestyle products and pop toys, which increased by 24.4% from RMB3,873.2 million in the six months ended December 31, 2020 to RMB4,817.6 million (US\$756.0 million) in the six months ended December 31, 2021. The increase in revenue generated from sales of lifestyle products and pop toys was mainly due to (i) an increase in the number of MINISO stores and TOP TOY stores, (ii) gradual recovery of business operations of MINISO stores from the COVID-19 pandemic in overseas markets in the second half of 2021 compared to the second half of 2020, and (iii) increases in revenue from online sales and other sales channels as a result of our continued efforts in e-commerce initiative.

In terms of geographical locations, the increase in our revenue from the six months ended December 31, 2020 to the six months ended December 31, 2021 was mainly attributable to the growth of our operations in China and overseas markets. Revenue generated from our operations in China was RMB4,086.3 million (US\$641.2 million) in the six months ended December 31, 2021, increasing by 14.9% from RMB3,556.7 million in the six months ended December 31, 2020. Revenue generated from international markets also increased by 64.9% from RMB813.2 million in the six months ended December 31, 2020 to RMB1,340.6 million (US\$210.4 million) in the six months ended December 31, 2021, primarily because the operations of MINISO stores in overseas markets gradually recovered from the COVID-19 pandemic.

During the period, the total number of MINISO stores, including those in China and international markets, increased from 4,514 as of December 31, 2020 to 5,045 as of December 31, 2021. Our revenue per MINISO store, which is calculated by dividing the revenue of MINISO brand by the average number of MINISO stores of the relevant period, increased by 6.8% from RMB970.2 thousand in the six months ended December 31, 2020 to RMB1,036.2 thousand (US\$162.6 thousand) in the six months ended December 31, 2021. The increase in revenue per MINISO store was mainly due to an improved recovery of sales in international markets. See “Risk Factors – Risks Related to Our Business and Industry – Our revenue per MINISO store has experienced, and may continue to experience, significant fluctuation from period to period.”

##### *Cost of sales*

Our cost of sales increased by 19.7% from RMB3,204.7 million in the six months ended December 31, 2020 to RMB3,835.6 million (US\$601.9 million) in the six months ended December 31, 2021, primarily due to an increase in cost of inventories, which increased by



---

## FINANCIAL INFORMATION

---

18.3% from RMB3,179.5 million in the six months ended December 31, 2020 to RMB3,762.6 million (US\$590.4 million) in the six months ended December 31, 2021. The increase in cost of inventories is consistent with the growth of our revenue. To a lesser extent, logistics expenses also increased from RMB23.9 million in the six months ended December 31, 2020 to RMB67.5 million (US\$10.6 million) in the six months ended December 31, 2021 primarily due to the growth of our sales from e-commerce channels as the products sold through such channels need to be shipped to customers.

### *Gross profit and gross margin*

Gross profit increased by 36.6% from RMB1,165.1 million in the six months ended December 31, 2020 to RMB1,591.3 million (US\$249.7 million) in the six months ended December 31, 2021, and gross margin increased from 26.7% to 29.3% during the same period. The increase in gross profit and gross margin was mainly driven by (i) an increase in revenue contribution from our international operations, which generally have a higher gross margin than our operations in China. International operations contributed 24.7% of our total revenue in the six months ended December 31, 2021, compared to 18.6% in the six months ended December 31, 2020, and (ii) expanded co-branded IP product offering and its associated higher gross margin in the six months ended December 31, 2021.

Co-branded IP products typically have a higher gross margin mainly because co-branded IP products generally have stronger pricing power, which allows us to set prices for co-branded IP products at a certain percentage higher than the prices set for the same type of products that are not co-branded. Co-branded IP products and the products of the same type without co-branded IP generally share a similar procurement cost structure, given that the IP licensing fee related to co-branded IP products is booked in the selling and distribution expenses and would not have impact on the gross margin. As a result of such pricing strategy, co-branded IP products generally have a higher gross margin.

### *Other income*

Our other income decreased by 57.6% from RMB43.8 million in the six months ended December 31, 2020 to RMB18.6 million (US\$2.9 million) in the six months ended December 31, 2021, primarily due to a decrease in government grants. There are different types of government grants and the amount of which generally fluctuates from period to period.

### *Selling and distribution expenses*

Our selling and distribution expenses increased by 15.6% from RMB627.5 million in the six months ended December 31, 2020 to RMB725.6 million (US\$113.9 million) in the six months ended December 31, 2021. Excluding equity-settled share-based payment expenses, our selling and distribution expenses increased by 29.2% from RMB536.8 million to RMB693.3 million (US\$108.8 million) during the same period. Such increase was mainly due to increased other payroll and employee benefits, licensing expenses and promotion and advertising expenses that were in line with our revenue growth and our efforts in improving

---

## FINANCIAL INFORMATION

---

brand awareness for both MINISO and TOP TOY. Rental and related expenses decreased from RMB38.0 million for the fiscal year ended June 30, 2020 to RMB7.1 million for the fiscal year ended June 30, 2021 primarily due to more rent concessions we received in overseas markets, which were recognized as negative variable lease expenses in the fiscal year ended June 30, 2021.

### *General and administrative expenses*

Our general and administrative expenses decreased by 1.9% from RMB441.2 million in the six months ended December 31, 2020 to RMB432.7 million (US\$67.9 million) in the six months ended December 31, 2021. Excluding equity-settled share-based payment expenses, our general and administrative expenses increased by 31.4% from RMB315.5 million to RMB414.7 million (US\$65.1 million) during the same period, which was primarily due to increased other payroll and employee benefits and increased depreciation and amortization expenses of land use right related to our headquarters building project, partially offset by decreased professional service fees.

### *Other net income/(loss)*

Our other net income was RMB46.0 million (US\$7.2 million) in the six months ended December 31, 2021, compared to other net loss of RMB70.8 million in the six months ended December 31, 2020. This change was mainly attributable to (i) decreased net foreign exchange loss in the six months ended December 31, 2021 due to less volatility of the exchange rate between RMB and US dollar, and (ii) increased investment income from wealth management products we invested in. See note 9 to Accountants' Report in Appendix IA to this document for more information.

### *Credit loss on trade and other receivables*

Our credit loss on trade and other receivables was RMB17.4 million and RMB19.1 million (US\$3.0 million) in the six months ended December 31, 2020 and 2021, respectively. See note 34 to Accountants' Report in Appendix IA to this document for details of our credit risk and assessment of credit loss.

### *Impairment loss on non-current assets*

Our impairment loss on non-current assets was nil and RMB9.5 million (US\$1.5 million) in the six months ended December 31, 2020 and 2021, respectively. We recorded impairment loss on non-current assets of directly operated stores in the six months ended December 31, 2021.

---

## FINANCIAL INFORMATION

---

### *Operating profit*

As a result of the foregoing, we recorded operating profit of RMB468.9 million (US\$73.6 million) in the six months ended December 31, 2021, compared to RMB52.2 million in the six months ended December 31, 2020.

### *Net finance income*

We had a net finance income of RMB9.2 million (US\$1.4 million) in both the six months ended December 31, 2020 and the six months ended December 31, 2021.

### *Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights*

Our fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights were a loss of RMB1,625.3 million in the six months ended December 31, 2020 and nil in the six months ended December 31, 2021. The change was primarily due to the conversion of preferred shares into Class A ordinary shares upon the completion of our initial public offering in the United States and the termination of preferential rights attached to those preferred shares.

### *Share of loss of equity-accounted investee, net of tax*

Our share of loss of equity-accounted investee, net of tax was a loss of RMB8.2 million (US\$1.3 million) in the six months ended December 31, 2021, compared to nil in the six months ended December 31, 2020. We had share of loss of equity-accounted investee, net of tax in the six months ended December 31, 2021 due to our investment into and share of loss of a company then controlled by our Controlling Shareholders. This company was established to acquire the land use right of a parcel of land in Guangzhou for the purpose of establishing a new headquarters building for our Group.

### *Income tax expense*

We recorded income tax expense of RMB131.3 million (US\$20.6 million) in the six months ended December 31, 2021, compared to RMB91.6 million in the six months ended December 31, 2020.

### *Profit/(Loss) for the period*

As a result of the foregoing, we recorded a profit of RMB338.6 million (US\$53.1 million) in the six months ended December 31, 2021, compared to a loss of RMB1,655.6 million in the six months ended December 31, 2020. In particular, we recorded a large amount of loss related to fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights in the six months ended December 31, 2020.

---

## FINANCIAL INFORMATION

---

### **Fiscal year ended June 30, 2021 compared to fiscal year ended June 30, 2020**

#### ***Revenue***

Our revenue increased by 1.0% from RMB8,979.0 million in the fiscal year ended June 30, 2020 to RMB9,071.7 million (US\$1,423.5 million) in the fiscal year ended June 30, 2021, mainly attributable to an increase in revenue generated from our operations in China, partially offset by a decrease in our revenue generated from international markets.

Revenue generated from our operations in China was RMB7,291.2 million (US\$1,144.2 million) in the fiscal year ended June 30, 2021, increasing by 20.6% from RMB6,044.1 million in the fiscal year ended June 30, 2020. The increase in revenue from the China market was primarily due to (i) an increase in the average number of MINISO stores and revenue per MINISO store in China, (ii) an increase in revenue from e-commerce business as we put in more resources in e-commerce business to counter the negative impact of the pandemic, and (iii) a revenue contribution from TOP TOY business, which we launched in December 2020.

The COVID-19 pandemic continued to impact our operations and results, especially in our international operations during the fiscal year ended June 30, 2021. As a result of the temporary store closures, reduction of operating hours and shipment suspensions caused by COVID-19, our revenue generated from international markets decreased by 39.3% from RMB2,934.9 million in the fiscal year ended June 30, 2020 to RMB1,780.5 million (US\$279.4 million) in the fiscal year ended June 30, 2021. See “– Impact of COVID-19 on Our Operations and Financial Performance.”

During the period, the total number of MINISO stores, including those in China and international markets, increased from 4,222 as of June 30, 2020 to 4,749 as of June 30, 2021. Our revenue per MINISO store, however, decreased by 11.3% from RMB2.2 million in the fiscal year ended June 30, 2020 to RMB1.9 million (US\$0.3 million) in the fiscal year ended June 30, 2021, mainly due to (i) the outbreak of COVID-19, and to a lesser extent, (ii) our new store expansion in lower-tier cities and under-penetrated locations as we continued to expand our store network, and (iii) increased competition. See “Risk Factors – Risks Related to Our Business and Industry – Our revenue per MINISO store has experienced, and may continue to experience, significant fluctuation from period to period.”

#### ***Cost of sales***

Our cost of sales increased by 6.3% from RMB6,246.5 million in the fiscal year ended June 30, 2020 to RMB6,641.0 million (US\$1,042.1 million) in the fiscal year ended June 30, 2021, primarily due to an increase in cost of inventories as a result of the increase in revenue during the same period and, to a lesser extent, logistics expenses also increased from nil in the fiscal year ended June 30, 2020 to RMB56.8 million (US\$8.9 million) in the fiscal year ended June 30, 2021, primarily due to the rapid development of our e-commerce initiative. Logistics expenses mainly represented shipping expenses for the products sold to customers through e-commerce channels.

---

## FINANCIAL INFORMATION

---

### *Gross profit*

Gross profit decreased by 11.0% from RMB2,732.5 million in the fiscal year ended June 30, 2020 to RMB2,430.7 million (US\$381.4 million) in the fiscal year ended June 30, 2021, and gross margin decreased from 30.4% to 26.8% during the same period. The decrease in gross profit and gross margin was mainly driven by a decrease in revenue contribution from our international operations, which generally have a higher gross margin than our operations in China. International operations contributed 19.6% of our total revenue in the fiscal year ended June 30, 2021, compared to 32.7% in the fiscal year ended June 30, 2020.

### *Other income*

Our other income increased by 40.1% from RMB37.2 million in the fiscal year ended June 30, 2020 to RMB52.1 million (US\$8.2 million) in the fiscal year ended June 30, 2021, primarily due to an increase in government grants, which increased from RMB36.6 million in the fiscal year ended June 30, 2020 to RMB46.6 million (US\$7.3 million) in the fiscal year ended June 30, 2021.

### *Selling and distribution expenses*

Our selling and distribution expenses increased by 1.4% from RMB1,190.5 million in the fiscal year ended June 30, 2020 to RMB1,206.8 million (US\$189.4 million) in the fiscal year ended June 30, 2021. Excluding equity-settled share-based payment expenses, our selling and distribution expenses increased from RMB1,062.7 million to RMB1,075.6 million (US\$168.8 million) during the same period.

### *General and administrative expenses*

Our general and administrative expenses increased by 1.8% from RMB796.4 million in the fiscal year ended June 30, 2020 to RMB810.8 million (US\$127.2 million) in the fiscal year ended June 30, 2021. Excluding equity-settled share-based payment expenses, our general and administrative expenses increased by 18.0% from RMB559.8 million to RMB660.7 million (US\$103.7 million) during the same period, which was primarily due to increases in other payroll and employee benefits, IT service fees and professional service fees.

### *Other net income/(loss)*

Our other net loss was RMB40.4 million (US\$6.3 million) in the fiscal year ended June 30, 2021, compared to other net income of RMB46.0 million in the fiscal year ended June 30, 2020. This change was mainly attributable to foreign exchange losses, which were in line with the appreciation of the RMB against the U.S. dollar during the period.

---

## FINANCIAL INFORMATION

---

### *Credit loss on trade and other receivables*

Our credit loss on trade and other receivables was RMB25.4 million and RMB20.8 million (US\$3.3 million) in the fiscal years ended June 30, 2020 and 2021, respectively.

### *Impairment loss on non-current assets*

Our impairment loss on non-current assets was RMB36.8 million and RMB2.9 million (US\$0.5 million) in the fiscal years ended June 30, 2020 and 2021, respectively. The impairment loss on non-current assets was related to our directly operated stores. We had more impairment loss on non-current assets for the fiscal year ended June 30, 2020 primarily attributable to the negative impact of the COVID-19 pandemic, which resulted in certain of our directly operated stores in overseas market loss-making and we recorded a higher amount of impairment loss on non-current assets of certain of our directly operated stores. For the fiscal year ended June 30, 2021, our directly operated stores in overseas markets were gradually recovering from the pandemic and we recorded less impairment loss accordingly.

### *Operating profit*

As a result of the foregoing, we recorded operating profit of RMB401.0 million (US\$62.9 million) in the fiscal year ended June 30, 2021, compared to RMB766.6 million in the fiscal year ended June 30, 2020.

### *Net finance (costs)/income*

We had net finance income of RMB12.1 million (US\$1.9 million) in the fiscal year ended June 30, 2021, compared to net finance costs of RMB5.7 million in the fiscal year ended June 30, 2020. We had net finance income in the fiscal year ended June 30, 2021 mainly due to a substantial increase in interest income from bank deposits.

### *Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights*

Our fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights were a loss of RMB680.0 million and RMB1,625.3 million (US\$255.0 million) in the fiscal years ended June 30, 2020 and 2021, respectively. The change was primarily due to the increase in fair value of our preferred shares closing to in our initial public offering in the United States in October 2020.

### *Share of loss of equity-accounted investee, net of tax*

Our share of loss of equity-accounted investee, net of tax was a loss of RMB4.0 million (US\$0.6 million) in the fiscal year ended June 30, 2021, compared to nil in the fiscal year ended June 30, 2020. We had share of loss of equity-accounted investee, net of tax in the fiscal

---

## FINANCIAL INFORMATION

---

year ended June 30, 2021 due to our investment into and share of loss of a company then controlled by our Controlling Shareholders established to acquire land use right of a parcel of land in Guangzhou for the purpose of establishing a new headquarters building for our Group.

### *Income tax expense*

We recorded income tax expense of RMB213.3 million (US\$33.5 million) in the fiscal year ended June 30, 2021, compared to RMB210.9 million in the fiscal year ended June 30, 2020.

### *Loss from continuing operations*

As a result of the foregoing, we recorded a loss of RMB1,429.4 million (US\$224.3 million) from continuing operations in the fiscal year ended June 30, 2021, compared to RMB130.1 million in the fiscal year ended June 30, 2020. In particular, we recorded a large amount of loss related to fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights.

### *Loss for the year from discontinued operations, net of tax*

We recorded a loss for the year from discontinued operations, net of tax of nil in the fiscal year ended June 30, 2021, compared to RMB130.0 million in the fiscal year ended June 30, 2020.

### *Loss for the year*

As a result of the foregoing, we recorded a loss of RMB1,429.4 million (US\$224.3 million) in the fiscal year ended June 30, 2021, compared to RMB260.2 million in the fiscal year ended June 30, 2020.

## **Fiscal year ended June 30, 2020 compared to fiscal year ended June 30, 2019**

### *Revenue*

Our revenue decreased by 4.4% from RMB9,394.9 million in the fiscal year ended June 30, 2019 to RMB8,979.0 million in the fiscal year ended June 30, 2020, which was attributable to a decrease in sales of our products by 4.8% from RMB8,464.7 million to RMB8,055.4 million, as well as a decrease in revenue from license fees, sales-based royalties, and management and consultation service fees by 4.1% from RMB612.6 million to RMB587.6 million.

The decrease in our revenue was mainly attributable to the negative impact of COVID-19 on our China and international operations during the period. As a result of the temporary store closures, reduction of operating hours and shipment suspensions caused by COVID-19, our revenue generated from China market decreased by 5.0% from RMB6,364.0 million in the



---

## FINANCIAL INFORMATION

---

fiscal year ended June 30, 2019 to RMB6,044.1 million in the fiscal year ended June 30, 2020, and our revenue generated from international markets decreased by 3.2% from RMB3,030.9 million to RMB2,934.9 million during the same period. See “– Impact of COVID-19 on Our Operations and Financial Performance.”

During the period, the total number of MINISO stores, including those in China and international markets, increased from 3,725 as of June 30, 2019 to 4,222 as of June 30, 2020. Most of the new stores were opened in the second half of 2019 calendar year before the outbreak of COVID-19. Our revenue per MINISO store, however, decreased by 19.8% from RMB2.7 million in the fiscal year ended June 30, 2019 to RMB2.2 million in the fiscal year ended June 30, 2020, mainly due to the outbreak of COVID-19, and to a lesser extent, due to our new store expansion in lower-tier cities and under-penetrated locations as we continued to expand our store network. See “Risk Factors – Risks Related to Our Business and Industry – Our revenue per MINISO store has experienced, and may continue to experience, significant fluctuation from period to period.”

### *Cost of sales*

Our cost of sales decreased by 9.3% from RMB6,883.9 million in the fiscal year ended June 30, 2019 to RMB6,246.5 million in the fiscal year ended June 30, 2020, primarily due to the negative impact of the COVID-19 pandemic, which led to a slowdown of the sales of our products and a decrease in revenue in the same period.

### *Gross profit*

Gross profit increased by 8.8% from RMB2,511.0 million in the fiscal year ended June 30, 2019 to RMB2,732.5 million in the fiscal year ended June 30, 2020, and gross margin increased from 26.7% to 30.4% during the same period. The increase in gross margin was mainly driven by (i) a decrease in our applicable value-added tax rate, and (ii) our expanding co-branded product offering and its associated higher gross margin during the fiscal year ended June 30, 2020.

### *Other income*

Our other income increased by 255.4% from RMB10.5 million in the fiscal year ended June 30, 2019 to RMB37.2 million in the fiscal year ended June 30, 2020, which was primarily due to the receipt of a substantial amount of government grants in April 2020.

### *Selling and distribution expenses*

Our selling and distribution expenses increased from RMB818.3 million in the fiscal year ended June 30, 2019 to RMB1,190.5 million in the fiscal year ended June 30, 2020. Excluding equity-settled share-based payment expenses, our selling and distribution expenses increased by 35.3% from RMB785.2 million to RMB1,062.7 million during the same period. The increase was primarily attributable to (i) an increase in licensing expenses from RMB21.9 million to RMB109.5 million, as a result of our expanding co-branding collaborations, (ii) an

---

## FINANCIAL INFORMATION

---

increase in depreciation and amortization expense from RMB154.5 million to RMB214.5 million due to us having more directly operated stores overseas, and (iii) an increase in promotion and advertising expenses from RMB85.6 million to RMB128.4 million in connection with our large-scale media promotional events during the fiscal year ended June 30, 2020.

### *General and administrative expenses*

Our general and administrative expenses increased by 34.3% from RMB593.2 million in the fiscal year ended June 30, 2019 to RMB796.4 million in the fiscal year ended June 30, 2020. The increase was primarily attributable to an increase in payroll and employee benefits from RMB348.6 million to RMB549.8 million, driven by a substantial increase in equity-settled share-based payment expenses. Excluding equity-settled share-based payment expenses, our general and administrative expenses increased by 11.0% from RMB504.2 million to RMB559.8 million during the same period, with other payroll and employee benefits increasing from RMB259.7 million to RMB313.2 million.

### *Other net income*

Our other net income increased from RMB24.4 million in the fiscal year ended June 30, 2019 to RMB46.0 million in the fiscal year ended June 30, 2020, mainly due to an increase in investment income from other investments.

### *Credit loss on trade and other receivables*

Our credit loss on trade and other receivables was RMB90.1 million and RMB25.4 million in the fiscal years ended June 30, 2019 and 2020, respectively. The credit loss during the fiscal year ended June 30, 2019 was primarily attributable to the loss allowance made for trade receivables from an overseas distributor due to the deterioration of its financial performance during the period.

### *Impairment loss on non-current assets*

Our impairment loss on non-current assets was RMB27.5 million and RMB36.8 million in the fiscal years ended June 30, 2019 and 2020, respectively. We record impairment loss on non-current assets of directly operated stores.

### *Operating profit*

As a result of the foregoing, we recorded operating profit of RMB766.6 million in the fiscal year ended June 30, 2020, compared to RMB1,016.7 million in the fiscal year ended June 30, 2019.

---

## FINANCIAL INFORMATION

---

### *Net finance costs*

Our net finance costs decreased from RMB17.9 million in the fiscal year ended June 30, 2019 to RMB5.7 million in the fiscal year ended June 30, 2020, primarily due to a substantial increase in interest income from bank deposits, partially offset by increases in interest on our lease liabilities and loans and borrowings.

### *Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights*

Our fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights were a loss of RMB709.8 million and a loss of RMB680.0 million in the fiscal years ended June 30, 2019 and 2020, respectively. The change was primarily due to the fact that the valuation of the paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights increased less in the fiscal year ended June 30, 2020 relative to the valuation increase in the previous fiscal year, which resulted from a lesser increase in the equity valuation of our business.

### *Income tax expense*

We recorded income tax expense of RMB210.9 million in the fiscal year ended June 30, 2020, compared to RMB279.6 million in the fiscal year ended June 30, 2019.

### *Profit/(loss) from continuing operations*

As a result of the foregoing, we recorded a loss of RMB130.1 million from continuing operations in the fiscal year ended June 30, 2020, compared to a profit of RMB9.4 million from continuing operations in the fiscal year ended June 30, 2019. In particular, we had loss from continuing operations in the fiscal year ended June 30, 2020 mainly due to a substantial increase in equity-settled share-based payment expenses, and a loss related to fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights.

### *Loss for the year from discontinued operations, net of tax*

We recorded a loss for the year from discontinued operations, net of tax of RMB130.0 million in the fiscal year ended June 30, 2020, compared to RMB303.8 million in the fiscal year ended June 30, 2019.

### *Loss for the year*

As a result of the foregoing, we recorded a loss of RMB260.2 million in the fiscal year ended June 30, 2020, compared to a loss of RMB294.4 million in the fiscal year ended June 30, 2019.

## FINANCIAL INFORMATION

### DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of June 30,			As of December 31,		As of April 30,		
	2019	2020	2021	2021		2022		
	RMB	RMB	RMB	US\$	RMB	US\$	RMB	US\$
	<i>(in thousands)</i>						<i>(Unaudited)</i>	
<b>Current assets</b>								
Other investments	356,265	–	102,968	16,158	208,289	32,685	206,526	32,408
Inventories	1,308,957	1,395,674	1,496,061	234,765	1,360,994	213,570	1,119,278	175,639
Trade and other receivables	830,751	729,889	824,725	129,417	1,113,506	174,733	1,082,061	169,799
Cash and cash equivalents	1,546,280	2,853,980	6,771,653	1,062,620	5,151,456	808,376	5,067,969	795,275
Restricted cash	8,917	7,056	3,680	577	7,347	1,153	9,650	1,514
Assets held for sale	460,549	–	–	–	–	–	–	–
<b>Total current assets</b>	<b>4,511,719</b>	<b>4,986,599</b>	<b>9,199,087</b>	<b>1,443,537</b>	<b>7,841,592</b>	<b>1,230,517</b>	<b>7,485,484</b>	<b>1,174,635</b>
<b>Current liabilities</b>								
Loans and borrowings	2,750	401,182	13,669	2,145	5,182	813	5,297	831
Trade and other payables	2,363,739	2,419,795	2,809,182	440,822	3,189,086	500,437	2,830,677	444,195
Contract liabilities	243,873	218,287	266,919	41,885	276,537	43,395	323,948	50,835
Lease liabilities	186,737	224,080	321,268	50,414	268,425	42,122	267,400	41,961
Deferred income	–	–	6,060	951	5,980	938	6,207	974
Current taxation	84,216	46,299	65,757	10,319	81,822	12,840	30,087	4,721
Liabilities directly associated with the assets held for sale	364,664	–	–	–	–	–	–	–
<b>Total current liabilities</b>	<b>3,245,979</b>	<b>3,309,643</b>	<b>3,482,855</b>	<b>546,536</b>	<b>3,827,032</b>	<b>600,545</b>	<b>3,463,616</b>	<b>543,517</b>
<b>Net Current Assets</b>	<b>1,265,740</b>	<b>1,676,956</b>	<b>5,716,232</b>	<b>897,001</b>	<b>4,014,560</b>	<b>629,972</b>	<b>4,021,868</b>	<b>631,118</b>

We have net current assets as of each balance sheet dates above. The significant increase in net current assets from RMB1,677.0 million as of June 30, 2020 to RMB5,716.2 million (US\$897.0 million) as of June 30, 2021 was primarily due to an increase in cash and cash equivalents mainly as a result of the proceeds we received from our initial public offering in the United States. The decrease in net current assets from RMB5,716.2 million (US\$897.0 million) as of June 30, 2021 to RMB4,014.6 million (US\$630.0 million) as of December 31, 2021 was primarily due to a decrease in our cash and cash equivalents, which was mainly because we invested our cash in our headquarters building project.

---

## FINANCIAL INFORMATION

---

### Other Investments

Other investments represent our investments in financial assets measured at fair value through profit or loss. During the Track Record Period, we invested in three types of financial assets, i.e. (i) wealth management products offered by commercial banks, (ii) asset management scheme tailored to us and offered by an asset management company, and (iii) trust schemes managed by a trust company. The fair value of these financial assets was RMB356.3 million as of June 30, 2019, nil as of June 30, 2020, RMB103.0 million (US\$16.2 million) as of June 30, 2021 and RMB208.3 million (US\$32.7 million) as of December 31, 2021. See note 20 to Accountants' Report in Appendix IA to this document for details of these financial assets and movements as of different balance sheet dates. The investments in these assets after the Listing will be subject to the compliance with the requirements under Chapter 14 of the Listing Rules.

### *Fair value measurement*

To provide an indication of the reliability of the inputs used in determining fair value, we have classified our financial instruments into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Other investments in Level 2 as of June 30, 2019 represented investments in wealth management products and an asset management scheme. The fair value of these investments was determined by discounting the expected future return using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data. Other investments in Level 2 as of June 30, 2021 represented investments in trust investment schemes. The fair value of these investments was determined by referencing to the fair value quoted by the trust company that established and managed the investments and using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data.

The paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are classified as Level 3 instruments. The paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are

---

## FINANCIAL INFORMATION

---

not traded in an active market and the respective fair value is determined by using valuation techniques, certified by an independent business valuer. We have used the discounted cash flow method to determine the underlying equity value and adopted equity allocation model to determine the fair value of the paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights. Considerable judgement is required to interpret market data used in the valuation techniques.

The details on the fair value measurement of our Level 3 financial instruments, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Notes 30 and 34(e)(i) to the Accountants' Report in Appendix IA to this document. The Reporting Accountants have carried out their work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on our historical financial information for the Track Record Period as a whole. The Reporting Accountants' opinion on the Historical Financial Information of our Group for the Track Record Period as a whole is set out in Appendix IA to this document.

Our Directors and management have reviewed the fair value measurement of Level 3 financial instruments, taking into account the considerable judgement and the applicable valuation techniques, and determined that the fair value measurement of Level 3 financial instruments is in accordance with the applicable IFRSs. Our Directors are satisfied with the valuation exercise for financial assets categorised as Level 3 financial instruments in our Historical Financial Information for the purpose of preparing the consolidated financial statements for the Track Record Period as contained in the Accountants' Report set out in Appendix IA to this document, having (i) considered the unqualified opinion included in the Accountants' Report as set out in Appendix IA to this document; (ii) reviewed the relevant underlying contracts or agreements for the Level 3 financial instruments; (iii) engaged a third-party valuer and provided the valuer with all relevant information that is likely to affect the valuation; and (iv) reviewed the valuation report prepared by the third-party valuer regarding the fair value of the Level 3 financial instruments.

The Joint Sponsors have performed the following due diligence work in relation to the valuation of the Company's Level 3 financial instruments: (i) discussed with the management and the Reporting Accountants to understand the nature and details of the Level 3 financial instruments; (ii) obtained and reviewed the relevant underlying contracts or agreements for the Level 3 financial instruments; (iii) reviewed the valuation report prepared by the third-party valuer regarding the fair value of the Level 3 financial instruments, and assessed the qualification of such third-party valuer; (iv) obtained and reviewed the relevant internal policies and procedure manuals with respect to financial instruments measurement of the Company; (v) conducted due diligence interview with the Company to understand, amongst other things, the valuation methodology, assumptions and key parameters adopted for the valuation of the Level 3 financial instruments; (vi) assessed the reasonableness of the valuation methodology, data inputs and the valuation process involved in the valuation of the Level 3

---

## FINANCIAL INFORMATION

---

financial instruments adopted by the Company; (vii) reviewed the relevant notes in the Accountants' Report set out in Appendix IA to this document; and (viii) discussed with the Reporting Accountants in respect of the audit procedures they have conducted for the purpose of expressing an opinion on the historical financial information of the Group as a whole. Based on the due diligence work conducted by the Joint Sponsors as stated above, and having considered the work performed by the management and the audit procedures carried out by the Reporting Accountants, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis in relation to the Level 3 financial instruments performed by the Company and the audit procedures carried out by the Reporting Accountants for the purpose of expressing an opinion on the historical financial information of the Group as a whole.

### *Cash management policy*

We believe we can make better use of our cash by making appropriate investments in short-term investment products, which generate income without interfering with our business operation or capital expenditures. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal control measures which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. These policies and measures were formulated by our senior management.

In order to make full use of idle funds, improve the utilization rate of surplus funds, and increase our income, under the premise of not affecting our normal business activities, subject to approval from our chief financial officer, the financial center of our Group may purchase a certain amount of wealth management products from financial institutions. According to our internal policies, the manager of our treasury department should make proposals to invest in wealth management products to our chief financial officer and such proposals must be reviewed and approved by our chief financial officer. In assessing a proposal to invest in wealth management products, a number of criteria must be met, including but not limited to the following:

- the purchase of wealth management products is limited to low-risk products such as term deposits, principal-guaranteed and interest-paying products, treasury notes issued by banks, and wealth management products with risk level below R2. The purchase of high-risk financial instruments such as securities and futures is strictly prohibited.



---

## FINANCIAL INFORMATION

---

- the expected return of the purchased wealth management products should be not lower than bank's deposit interest rate for term deposits of the same period, the product structure should be relatively simple, and the purchases should be made from financial institutions with large operation scale, overall strength and good credit standing.
- the treasury department is responsible for setting up a detailed ledger for wealth management products, the manager of the treasury department manages the financial products, and tracks the progress and safety of wealth management products. In the event of an abnormal situation, the manager of the treasury department should report the situation to the chief financial officer in a timely manner so that we can take effective measures immediately to reduce potential losses.

We believe that our internal policies regarding financial products and the related risk management mechanism are adequate. We may continue to purchase financial products that meet the above criteria as part of our treasury management where we believe it is prudent to do so after the Listing.

### **Inventories**

Our inventories primarily consist of finished goods. Our inventories increased by 6.6% from RMB1,309.0 million as of June 30, 2019 to RMB1,395.7 million as of June 30, 2020, primarily due to a lower level of inventory turnover rate as a result of the negative impact of the COVID-19 pandemic. Our inventories increased by 7.2% from RMB1,395.7 million as of June 30, 2020 to RMB1,496.1 million (US\$234.8 million) as of June 30, 2021, primarily because we purchased more products from suppliers, which is in line with our revenue growth. Our inventories decreased from RMB1,496.1 million (US\$234.8 million) as of June 30, 2021 to RMB1,361.0 million (US\$213.6 million) as of December 31, 2021, primarily because we conducted sales promotions at the end of the year.

Write-down of inventories is recorded when estimated net realizable value is less than cost. In determining write-down of inventories, we consider factors such as inventory aging, forecast product demands, historical pricing trends and anticipated future pricing strategies. For the fiscal years ended June 30, 2019 and 2020, we recorded an inventory write-down of RMB89.9 million and RMB68.3 million, respectively. For the fiscal year ended June 30, 2021 and for the six months ended December 31, 2021, we recorded a reversal of inventory write-down of RMB51.1 million and RMB34.7 million, respectively. Reversal of inventory write-down was mainly because we recorded inventory write-down for products to be sold in the United States and Canada during the fiscal year ended June 30, 2020 and such inventory write-down was reversed when those products were subsequently sold or used for promotion during the fiscal year ended June 30, 2021 and the six months ended December 31, 2021.

## FINANCIAL INFORMATION

The following table sets forth the turnover days of our inventories for the periods indicated:

	For the Fiscal Year Ended June 30,			For the Six Months Ended December 31,
	2019	2020	2021	2021
	Inventory turnover days <sup>(1)</sup>	63	78	79

(1) Inventory turnover days for a period equals the average of the opening and closing inventories balance divided by cost of inventories for that period and multiplied by 360 days for a fiscal year and 180 days for a six months period.

Our inventory turnover days increased from 63 days for the fiscal year ended June 30, 2019 to 78 days for the fiscal year ended June 30, 2020, primarily due to the adverse impact of the COVID-19 pandemic on the sales of our products mainly in overseas markets and on our supply chain. Our inventory turnover days remained relatively stable at 78 days for the fiscal year ended June 30, 2020 and 79 days for the fiscal year ended June 30, 2021. Our inventory turnover days decreased from 79 days for the fiscal year ended June 30, 2021 to 68 days for the six months ended December 31, 2021, primarily because we conducted sales promotions at the end of the year, which reduced our inventories.

As of April 30, 2022, RMB1,261.7 million (US\$198.0 million), or 92.7%, of our inventories as of December 31, 2021, had been sold.

### Trade and Other Receivables

Our trade and other receivables mainly consists of trade receivables and miscellaneous expenses paid on behalf of franchisees. Miscellaneous expenses paid on behalf of franchisees mainly include labor costs and store decoration expenses. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of June 30,			As of December 31,		
	2019	2020	2021	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
Trade receivables	409,059	329,875	374,828	58,819	435,744	68,378
Less: loss allowance	(91,726)	(43,183)	(59,827)	(9,388)	(77,064)	(12,093)
<b>Trade receivables, net of loss allowance</b>	<b>317,333</b>	<b>286,692</b>	<b>315,001</b>	<b>49,431</b>	<b>358,680</b>	<b>56,285</b>

## FINANCIAL INFORMATION

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
Amounts due from related parties	140,659	14,065	1,791	281	5,024	788
Miscellaneous expenses paid on behalf of franchisees	112,588	197,473	192,072	30,140	211,617	33,207
Value-added tax recoverable	98,805	49,687	79,590	12,489	157,373	24,695
Rental deposits	57,925	63,882	94,423	14,817	111,473	17,493
Receivables due from online payment platforms and banks <sup>(1)</sup>	31,432	16,498	33,309	5,227	117,285	18,405
Prepayments for inventories	30,927	65,502	38,758	6,082	46,813	7,346
Prepayments for licensing expenses	2,971	–	11,503	1,805	23,105	3,626
Others	38,111	36,090	58,278	9,145	82,136	12,888
<b>Total</b>	<b>830,751</b>	<b>729,889</b>	<b>824,725</b>	<b>129,417</b>	<b>1,113,506</b>	<b>174,733</b>

(1) Receivables from online payment platforms mainly represented the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms can be made anytime upon our instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.

Our trade and other receivables decreased by 12.1% from RMB830.8 million as of June 30, 2019 to RMB729.9 million as of June 30, 2020, primarily because the COVID-19 pandemic negatively affected our revenue for the fiscal year ended June 30, 2020 and our trade and other receivables decreased accordingly.

Our trade and other receivables increased by 13.0% from RMB729.9 million as of June 30, 2020 to RMB824.7 million (US\$129.4 million) as of June 30, 2021, primarily due to an increase in revenue generated from overseas market.

Our trade and other receivables increased from RMB824.7 million (US\$129.4 million) as of June 30, 2021 to RMB1,113.5 million (US\$174.7 million) as of December 31, 2021, primarily due to an increase in receivables from online payment platforms and banks as we conducted sales promotions at the end of the year and the payments made by customers through third-party online payment platforms and through credit/debit cards were not immediately received by us until after the year end.

## FINANCIAL INFORMATION

Our trade receivables are derived mainly from credit sales to certain distributors. For these distributors, we allow a credit term of 30 to 180 days. For other distributors, we generally require them to make part or all payments in advance for their product procurement. The following table sets forth the turnover days of our trade receivables for the periods indicated:

	For the Fiscal Year Ended June 30,			For the Six Months Ended December 31,
	2019	2020	2021	2021
	Trade receivables turnover days <sup>(1)</sup>	18	15	14

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables divided by revenue for that period and multiplied by 360 days for a fiscal year and 180 days for a six months period.

Our trade receivable turnover days decreased from 18 days for the fiscal year ended June 30, 2019 to 15 days for the fiscal year ended June 30, 2020, primarily due to the portion of revenue generated from credit sales to certain distributors decreased, which resulted in a decrease in the amount of trade receivables.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) based on the invoice date as of the dates indicated:

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
Within 90 days	244,851	162,719	231,643	36,350	254,186	39,887
91 to 180 days	37,034	44,804	35,853	5,626	59,884	9,397
181 to 360 days	24,538	61,521	24,603	3,861	32,995	5,178
361 to 540 days	10,910	13,503	18,553	2,911	9,164	1,438
Over 540 days	–	4,145	4,349	683	2,451	385
<b>Total</b>	<b>317,333</b>	<b>286,692</b>	<b>315,001</b>	<b>49,431</b>	<b>358,680</b>	<b>56,285</b>

As of April 30, 2022, RMB315.3 million (US\$49.5 million), or 87.9%, of our trade receivables as of December 31, 2021, had been settled. The subsequent settlement of the remaining 12.1% of the trade receivables as of December 31, 2021 has been ongoing and we

---

## FINANCIAL INFORMATION

---

are in normal business cooperation with the corresponding distributors. We generally contact distributors each month regarding outstanding trade receivables, remind and urge them to make outstanding payments. We believe it is more probable than not that the remaining 12.1% of the trade receivables will be settled.

As of April 30, 2022, RMB182.6 million (US\$28.6 million), or 86.3%, of our miscellaneous expenses paid on behalf of franchisees as of December 31, 2021, had been settled.

We estimate credit loss allowances for trade receivables by assessing the expected credit losses, which are based on our historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of each reporting period during the Track Record Period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the credit loss allowance will be made for the period in which such estimate is changed. We keep assessing the expected credit losses of our trade receivables during their expected lives. We have made sufficient credit loss allowance for trade receivables during the Track Record Period.

The following tables sets forth an ageing analysis of unsettled trade receivables based on the invoice date as of April 30, 2022:

	<b>As of April 30, 2022</b>
	<i>(RMB in thousands)</i>
1-3 months	12,762
3-6 months	12,005
6-12 months	14,508
12-18 months	1,537
18-30 months	308
<b>Total</b>	<b>41,120</b>

Approximately 60.2% of all unsettled trade receivables as of April 30, 2022 aged within 180 days, the upper limit of our credit terms granted to certain distributors. For the unsettled amount aged over 180 days, a majority of those trade receivables are from a few distributors, with respect to which we extended the credit terms we granted to them due to negative impact of the COVID-19 pandemic. These distributors are our long-term business partners and we are currently continuing to cooperate with them. We are also actively working with them to collect the unsettled amount.

## FINANCIAL INFORMATION

### Trade and Other Payables

Our trade and other payables mainly consist of trade payables and deposits. Deposits represent deposits received from suppliers, distributors and franchisees. All of the other trade payables, other payables, accruals and amounts due to related parties or franchisees are expected to be settled within one year or are repayable on demand. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
Trade payables	591,342	483,278	624,688	98,027	735,029	115,342
Payroll payable	45,931	38,363	63,621	9,984	95,054	14,916
Accrued expenses	43,615	108,351	155,698	24,432	195,949	30,749
Other taxes payable	16,622	39,936	20,633	3,238	110,943	17,409
Deposits	1,527,852	1,655,763	1,833,516	287,719	1,875,173	294,256
Amount due to related parties	27,823	17,664	7,490	1,175	11,977	1,879
Others	110,554	76,440	103,536	16,247	164,961	25,886
<b>Total</b>	<u>2,363,739</u>	<u>2,419,795</u>	<u>2,809,182</u>	<u>440,822</u>	<u>3,189,086</u>	<u>500,437</u>

Our trade and other payables was RMB2.4 billion as of June 30, 2019, which remained stable at RMB2.4 billion as of June 30, 2020. The increase in deposits was primarily due to an increased number of MINISO stores in our store network. The increase in deposits was partially offset by a decrease in trade payables, which was primarily because we reduced purchases amount from suppliers as a result of the negative impact of the COVID-19 pandemic.

Our trade and other payables increased by 16.1% from RMB2.4 billion as of June 30, 2020 to RMB2.8 billion (US\$440.8 million) as of June 30, 2021, primarily due to (i) an increase in trade payables as a result of increased purchases from suppliers, which was in line with increased revenue for the fiscal year ended June 30, 2021 compared to revenue for the fiscal year ended June 30, 2020, (ii) an increase in deposits as a result of an increased number of MINISO stores in our store network.

Our trade and other payables increased from RMB2.8 billion (US\$440.8 million) as of June 30, 2021 to RMB3.2 billion (US\$500.4 million) as of December 31, 2021, primarily due to (i) an increase in trade payables as a result of increased purchases from suppliers, which was in line with our revenue growth for the six months ended December 31, 2021, and (ii) an increase in other tax payables mainly as a result of a deed tax of RMB51.9 million payable for the land use right we acquired for our headquarters building project.

## FINANCIAL INFORMATION

We generally are granted by our suppliers with a credit period of 30 to 60 days. The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
Within 1 month	561,654	403,969	558,743	87,679	694,020	108,907
1 to 3 months	12,077	65,646	41,176	6,461	19,778	3,104
3 months to 1 year	17,611	6,963	10,322	1,620	7,354	1,154
Over 1 year	–	6,700	14,447	2,267	13,050	2,047
<b>Total</b>	<b>591,342</b>	<b>483,278</b>	<b>624,688</b>	<b>98,027</b>	<b>734,202</b>	<b>115,212</b>

As of April 30, 2022, RMB716.1 million (US\$112.4 million), or 97.5%, of our trade payables as of December 31, 2021, had been settled.

### Contract Liabilities

Our current contract liabilities primarily consists of advance payments received from customers for purchase of goods from us and license fees and membership fees we received. We normally request 20% to 100% advance payment for purchase of goods from certain overseas distributors prior to our delivery of goods, which gives rise to contract liabilities at the start of a sales order, until the revenue of sales of products recognized on the corresponding sale order exceeds the amount of payments received in advance. With respect to license fees and membership fees, unamortized portion of upfront license fees and membership fees received was recognized as contract liability. Our current contract liabilities as of June 30, 2019, 2020 and 2021 and December 31, 2021 were relatively stable and amounted to RMB243.9 million, RMB218.3 million, RMB266.9 million (US\$41.9 million) and RMB276.5 million (US\$43.4 million).

As of April 30, 2022, RMB238.4 million (US\$37.4 million), or 72.2%, of our contract liabilities as of December 31, 2021, had been recognized as revenue.



---

## FINANCIAL INFORMATION

---

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year/period indicated:

	For the Fiscal Years Ended June 30,			For the Six Months Ended December 31,	
	2019	2020	2021	2020	2021
	Gross margin (%) <sup>(1)</sup>	26.7	30.4	26.8	26.7
Adjusted net margin, a non-IFRS measure (%) <sup>(2)</sup>	9.0	10.4	5.3	4.3	7.2
	As of June 30,			As of December 31,	
	2019	2020	2021	2021	
Gearing ratio (%) <sup>(3)</sup>	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	0.3	0.2	
Current ratio <sup>(5)</sup>	1.4	1.5	2.6	2.1	

*Notes:*

- (1) Gross margin equals gross profit divided by revenues for the year/period and multiplied by 100%.
- (2) Adjusted net margin, a non-IFRS measure, equals adjusted profit divided by revenues for the year/period and multiplied by 100%. See “– Non-IFRS Financial Measure.”
- (3) Gearing ratio equals loans and borrowings (the sum of loans and borrowings under current liabilities and loans and borrowings under non-current liabilities) divided by total equity as of the end of the year/period and multiplied by 100%.
- (4) The gearing ratio is not applicable as we recognized total deficit as of June 30, 2019 and 2020, respectively.
- (5) Current ratio equals current assets divided by current liabilities as of the end of the year/period.

### Gross Margin

See “– Period to Period Comparison of Results of Operations” above for the discussion of changes of our gross margin during the Track Record Period.

### Adjusted Net Margin, a Non-IFRS Measure

Adjusted net margin, a non-IFRS measure, increased from 9.0% for the fiscal year ended June 30, 2019 to 10.4% for the fiscal year ended June 30, 2020, primarily due to the growth of our gross margin.

---

## FINANCIAL INFORMATION

---

Adjusted net margin, a non-IFRS measure, decreased from 10.4% for the fiscal year ended June 30, 2020 to 5.3% for the fiscal year ended June 30, 2021, primarily due to (i) the decrease in our gross margin; and (ii) negative impact of the COVID-19 pandemic mainly in overseas markets. During the pandemic, we experienced a decrease in sales in overseas markets but had to incur general operating expenses in the meanwhile.

Adjusted net margin, a non-IFRS measure, increased from 4.3% for the six months ended December 31, 2020 to 7.2% for the six months ended December 31, 2021, primarily due to a gradual recovery from the COVID-19 pandemic in overseas market, a more stable supply chain and our efforts in cost control.

### **Gearing Ratio**

Our gearing ratio decreased from 0.3% as of June 30, 2021 to 0.2% as of December 31, 2021, primarily due to a decrease in loans and borrowings under current liabilities from RMB13.7 million as of June 30, 2021 to RMB5.2 million as of December 31, 2021.

### **Current Ratio**

Our current ratio increased from 1.4 as of June 30, 2019 and to 1.5 as of June 30, 2020, primarily due to an increase in cash and cash equivalents of RMB1,307.7 million, partially offset by a decrease in assets held for sale of RMB460.5 million and a decrease in other investments of RMB356.3 million.

Our current ratio increased significantly from 1.5 as of June 30, 2020 to 2.6 as of June 30, 2021, primarily due to a significant increase in total current assets of RMB4,212.5 million, as a result of an increase in cash and cash equivalents of RMB4,020.6 million, and an increase in other investments of RMB103.0 million, which was mainly due to our receipts of proceeds from our U.S. IPO and cash flow generated from our operations.

Our current ratio decreased from 2.6 as of June 30, 2021 to 2.1 as of December 31, 2021, primarily due to a decrease in total current assets of RMB1,357.5 million, which in turn was a result of a decrease in cash and cash equivalents of RMB1,620.2 million, partially offset by an increase in other investments of RMB105.3 million, mainly due to our acquisition of 80% remaining interest in YGF Investment V Limited.

---

## FINANCIAL INFORMATION

---

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, our primary sources of liquidity had been cash flows from operating activities and financing activities. We completed our initial public offering in the United States in October 2020, where we raised approximately US\$625.3 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us. Our cash and cash equivalents from continuing operations were RMB1,546.3 million, RMB2,854.0 million, RMB6,771.7 million (US\$1,062.6 million) and RMB5,151.5 million (US\$808.4 million) as of June 30, 2019, 2020 and 2021 and December 31, 2021, respectively. Cash and cash equivalents from continuing operations comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash.

As of December 31, 2021, we had a loan from non-controlling shareholders with a principal amount of RMB4.8 million (US\$0.7 million) that is maturing in April 2022.

Based on our current cash and cash equivalents, anticipated cash flows from operations and the net proceeds from the Global Offering, our Directors are of the view that we will have sufficient funds to meet our working capital and capital expenditure requirements for at least the next 12 months from the date of this document.

Based on the review of financial documents and other due diligence documents, discussion with the Directors and the Directors' confirmation, the Joint Sponsors concur with the Directors' view.

In utilizing the proceeds from public offerings, we may make additional capital contributions to our PRC subsidiaries, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries, or acquire offshore entities with operations in China in offshore transactions. However, most of these uses are subject to PRC regulations. See "Risk Factors – Risks Related to Doing Business in China – PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of the Global Offering to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

We may decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our Shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

## FINANCIAL INFORMATION

### Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	For the fiscal year ended June 30,			For the six months ended December 31,			
	2019	2020	2021	2020	2021		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>						
	<i>(Unaudited)</i>						
Net cash generated from operating activities	1,038,471	826,484	916,320	143,791	806,423	731,741	114,826
Net cash (used in)/generated from investing activities	(210,915)	462,815	(518,797)	(81,411)	(428,989)	(1,836,613)	(288,205)
Net cash generated from/(used in) financing activities	619,858	(117,706)	3,536,184	554,904	3,639,642	(496,714)	(77,945)
Net increase/(decrease) in cash and cash equivalents	1,447,414	1,171,593	3,933,707	617,284	4,017,076	(1,601,586)	(251,324)
Cash and cash equivalents at beginning of year/period as presented in the consolidated statement of cash flows	228,106	1,686,218	2,853,980	447,852	2,853,980	6,771,653	1,062,620
Effect of movements in exchange rates on cash held	10,698	(3,831)	(16,034)	(2,516)	(30,582)	(18,611)	(2,920)
Cash and cash equivalents at end of year/period as presented in the consolidated statement of cash flows	1,686,218	2,853,980	6,771,653	1,062,620	6,840,474	5,151,456	808,376
Cash and cash equivalents of discontinued operations	(139,938)	-	-	-	-	-	-
Cash and cash equivalents at end of year/period as presented in the consolidated statement of financial position	<u>1,546,280</u>	<u>2,853,980</u>	<u>6,771,653</u>	<u>1,062,620</u>	<u>6,840,474</u>	<u>5,151,456</u>	<u>808,376</u>

---

## FINANCIAL INFORMATION

---

### Net cash generated from operating activities

Net cash generated from operating activities for the six months ended December 31, 2021 was RMB731.7 million (US\$114.8 million). This amount was primarily attributable to profit of RMB338.6 million (US\$53.1 million) for the six months from continuing operations, as adjusted by certain non-cash items, primarily consisting of (i) equity-settled share-based payment expenses of RMB50.4 million (US\$7.9 million), (ii) depreciation and amortization of RMB182.6 million (US\$28.7 million), and (iii) interest on lease liabilities of RMB16.9 million (US\$2.7 million), and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB300.7 million (US\$47.2 million) increase in trade and other payables, (ii) a RMB135.1 million (US\$21.2 million) decrease in inventories, and (iii) a RMB272.2 million (US\$42.7 million) increase in trade and other receivables. The increase in trade and other payables was mainly due to the increase in deposits as a result of an increased number of stores. The increase in trade and other receivables was primarily due to increases in trade receivables, value-added tax recoverable and receivables due from online payment platforms and banks. The decrease in inventories was primarily because we conducted sales promotions at the end of the year.

Net cash generated from operating activities for the fiscal year ended June 30, 2021 was RMB916.3 million (US\$143.8 million). This amount was primarily attributable to loss of RMB1,429.4 million (US\$224.3 million) for the year from continuing operations, as adjusted by certain non-cash items, primarily consisting of (i) fair value changes of redeemable shares with other preferential rights of RMB1,625.3 million (US\$255.0 million), (ii) equity-settled share-based payment expenses of RMB281.3 million (US\$44.1 million), (iii) depreciation and amortization of RMB265.0 million (US\$41.6 million), and (iv) interest on lease liabilities of RMB26.8 million (US\$4.2 million), and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB386.7 million (US\$60.7 million) increase in trade and other payables, (ii) a RMB93.2 million (US\$14.6 million) increase in inventories, (iii) a RMB80.1 million (US\$12.6 million) increase in trade and other receivables, and (iv) a RMB34.4 million (US\$5.4 million) increase in contract liabilities. The increase in trade and other payables was mainly due to the increase in deposits as a result of an increased number of stores. The increase in trade and other receivables was primarily due to increases in trade receivables, value-added tax recoverable and rental deposits. The increase in inventories was primarily caused by the rapid development of our new initiatives such as the TOP TOY brand and e-commerce.

Net cash generated from operating activities for the fiscal year ended June 30, 2020 was RMB826.5 million. This amount was primarily attributable to loss of RMB130.1 million for the year from continuing operations, as adjusted by certain non-cash items, primarily consisting of (i) fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights of RMB680.0 million, (ii) equity-settled share-based payment expenses of RMB364.4 million, (iii) depreciation and amortization of RMB268.7 million, and (iv) impairment loss on non-current assets of RMB36.8 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB50.3 million increase in trade and other payables, (ii) a RMB120.2

---

## FINANCIAL INFORMATION

---

million increase in trade and other receivables, (iii) a RMB86.7 million increase in inventories, (iv) cash flows from discontinued operations of RMB68.1 million, and (v) a RMB29.0 million decrease in contract liabilities. The increase in trade and other payables was mainly due to the increase in deposits as a result of an increased number of stores. The increases in trade and other receivables and inventories were primarily caused by the disruption of our overseas operation and the associated slowdown in product sales in the first half of 2020 resulting from the adverse impact of COVID-19.

Net cash generated from operating activities for the fiscal year ended June 30, 2019 was RMB1,038.5 million. This amount was primarily attributable to a profit of RMB9.4 million for the year from continuing operations, as adjusted by certain non-cash items, primarily consisting of (i) fair value changes of paid-in capital subject to redemption and other preferential rights of RMB709.8 million, (ii) depreciation and amortization of RMB191.8 million, (iii) equity-settled share-based payment expenses of RMB122.1 million, and (iv) impairment loss on non-current assets of RMB27.5 million, and changes in certain working capital accounts that increased operating cash flows, primarily consisting of (i) a RMB509.9 million increase in trade and other payables, and (ii) a RMB119.0 million increase in contract liabilities, partially offset by a RMB392.8 million increase in inventories. The increase in trade and other payables was mainly due to the increase in deposits as a result of an increased number of stores. The increase in inventories was mainly due to the growth of our product sales.

### **Net cash (used in)/generated from investing activities**

Net cash used in investing activities for the six months ended December 31, 2021 was RMB1,836.6 million (US\$288.2 million), consisting primarily of payments for purchases of property, plant, equipment and intangible assets of RMB228.6 million (US\$35.9 million), payment for acquisition of land use right of RMB891.4 million (US\$139.9 million), purchase of other investments of RMB9,213.0 million (US\$1,445.7 million) and cash acquired from acquisition of a subsidiary of RMB683.5 million (US\$107.3 million), partially offset by proceeds for disposal of other investments of RMB9,113.0 million (US\$1,430.0 million).

Net cash used in investing activities for the fiscal year ended June 30, 2021 was RMB518.8 million (US\$81.4 million), consisting primarily of payments for investment in equity-accounted investee of RMB356.0 million (US\$55.9 million), purchases of property, plant, equipment and intangible assets and other noncurrent assets of RMB180.3 million (US\$28.3 million) and purchase of other investments of RMB28,887.8 million (US\$4,533.1 million), partially offset by proceeds for disposal of other investments of RMB28,787.8 million (US\$4,517.4 million).

---

## FINANCIAL INFORMATION

---

Net cash generated from investing activities for the fiscal year ended June 30, 2020 was RMB462.8 million, consisting primarily of proceeds from disposal of other investments of RMB4,176.4 million and repayment from the controlling shareholder of RMB297.1 million, partially offset by payments for purchases of other investments and property, plant and equipment and intangible assets of RMB3,821.6 million, and cash advances to the controlling shareholders of RMB101.5 million.

Net cash used in investing activities in the fiscal year ended June 30, 2019 was RMB210.9 million, consisting primarily of payment for purchases of other investments and property, plant and equipment and intangible assets of RMB116.1 million, and purchase of other investments of RMB956.8 million, partially offset by proceeds from disposal of other investments of RMB602.0 million and proceeds from repayment from the controlling shareholder of RMB269.9 million.

### **Net cash generated from/(used in) financing activities**

Net cash used in financing activities for the six months ended December 31, 2021 was RMB496.7 million (US\$77.9 million), primarily due to payment of capital element and interest element of lease liabilities of RMB163.7 million (US\$25.7 million), and dividend payment of RMB306.3 million (US\$48.1 million).

Net cash generated from financing activities for the fiscal year ended June 30, 2021 was RMB3,536.2 million (US\$554.9 million), primarily due to net proceeds from our initial public offering in October 2020 of RMB4,178.9 million (US\$655.8 million), partially offset by repayment of loans and borrowings of RMB416.6 million (US\$65.4 million) and payment of lease liabilities of RMB215.8 million (US\$33.9 million).

Net cash used in financing activities for the fiscal year ended June 30, 2020 was RMB117.7 million, primarily due to payment of the capital element and interest element of lease liabilities of RMB193.8 million and dividend payments of RMB330.3 million, partially offset by proceeds from loans and borrowings from third parties of RMB410.7 million.

Net cash generated from financing activities in the fiscal year ended June 30, 2019 was RMB619.9 million, primarily due to proceeds from paid-in capital subject to redemption and other preferential rights of RMB991.5 million and proceeds from capital injection from shareholders of RMB86.6 million, partially offset by cash outflows from discontinued operations of RMB153.7 million, payment of capital element and interest element of lease liabilities of RMB166.8 million and proceeds for acquisition of subsidiaries of RMB122.9 million.



---

## FINANCIAL INFORMATION

---

### ACQUISITIONS

#### Acquisition of YGF Investment

In August 2020, YGF Investment V Limited (“**YGF Investment**”) was incorporated in the BVI to acquire the land use right of a parcel of land in the PRC through the YGF Investment’s PRC subsidiary. YGF Investment was owned as to 20% and 80% by the Company and YGF MC Limited, a company jointly controlled by our Controlling Shareholders, Mr. Ye and Ms. Yang.

On October 27, 2021, we acquired the remaining 80% equity interest in YGF Investment. The purpose of this acquisition was for the project of establishing our new headquarters building. The total consideration of this transaction is RMB694.5 million, representing the lower of the actual investment amount by YGF MC Limited as of August 31, 2021 and the appraisal value of the equity interests confirmed by a third-party valuation firm, deducted by the estimated accumulative loss of YGF Investment that YGF MC Limited should bear up to the closing of this transaction. The consideration for the acquisition was determined based on arm’s length negotiation among the parties and has been fully settled in cash on October 29, 2021.

We currently own 100% equity interests of YGF Investment. We have also consolidated the financial results of YGF Investment into our financial statements since the completion of this acquisition.

#### Acquisition of MINISO SG

MINISO SG Pte. Ltd. (“**MINISO SG**”) was established in September 2015 by two independent third-party individuals. MINISO SG was our exclusive local distributor in Singapore before our acquisition. In March, 2021, we acquired 70% of the equity interests of MINISO SG at a cash consideration of SGD2.1 million (equivalent to RMB10.3 million), representing 70% of the paid-up capital in MINISO SG. The consideration for the acquisition was determined with reference to our assessment of the revenue and number of stores operated by MINISO SG and arm’s length negotiation among the parties. The consideration has been fully settled in cash on March 11, 2021. We acquired the majority stake of MINISO SG because of the strategic importance of Singapore market to our overseas operations, not only as it has a demonstration effect to other markets, but also it will act as one of our test plots of launching new products and introducing our new brand TOP TOY to overseas markets.

We recorded goodwill of RMB19.6 million in connection with this acquisition. For more details, see “Risk Factors – Risks Related to Our Business and Industry – If we determine our goodwill to be impaired, our results of operations and financial condition would be adversely affected.” We currently own 70% equity interests of MINISO SG. We have also consolidated the financial results of MINISO SG into our financial statements since the completion of this acquisition.

---

## FINANCIAL INFORMATION

---

For the purpose of impairment testing, goodwill has been allocated to cash-generating unit (CGU) of our Group as follows.

	<b>As of June 30, 2021</b>	<b>As of December 31, 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
MINISO SG Pte. Ltd.	19,640	19,640
Total	19,640	19,640

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing operation of the CGU, based on value-in-use calculation. The cash flow projection used in calculation was based on the financial forecasts approved by management covering a five-year period.

The key assumptions used in the estimation of value in use were as follows.

	<b>As of June 30, 2021</b>
Pre-tax discount rate	13.2%
Terminal value growth rate	1.4%
Revenue growth rate (average of next five years)	21.8%

The discount rate used was pre-tax and reflect specific risks relating to the CGU. Five years of cash flow were included in the discounted cash flow model. Cash flows beyond the five-year period were extrapolated using the terminal growth rate, which did not exceed the long-term average growth rates for the business in which the CGU operates. Revenue growth was based on expectations of future outcomes taking into account of the impact of COVID-19.

The headroom calculated based on the recoverable amounts deducting the carrying amount of and goodwill allocated for the CGU was approximated RMB10,741,000 as of June 30, 2021.

## FINANCIAL INFORMATION

We performed the sensitivity analysis based on the assumption that pre-tax discount rate and revenue growth rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

	<b>As of June 30,</b>
	<b>2021</b>
	<i>RMB'000</i>
Pre-tax discount rate increase by 5%	7,363
Revenue growth rate (average of next five years) decrease by 2%	151

With regards to the assessment of the value in use of the CGU, we believe that reasonable possible changes in above key assumptions would not lead to the carrying value, including goodwill, of the CGU to exceed the recoverable amount as of June 30, 2021.

### INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of June 30,			As of December 31,		As of April 30,		
	2019	2020	2021	2021		2022		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>				<i>(Unaudited)</i>			
Loans and borrowings	8,060	416,389	20,594	3,232	11,551	1,812	11,746	1,843
Lease liabilities	496,570	602,974	804,412	126,230	679,729	106,665	650,372	102,058
<b>Total</b>	<b>504,630</b>	<b>1,019,363</b>	<b>825,006</b>	<b>129,462</b>	<b>691,280</b>	<b>108,477</b>	<b>662,118</b>	<b>103,901</b>

## FINANCIAL INFORMATION

### Loans and Borrowings

The following table sets forth the breakdown of our loans and borrowings as of the dates indicated:

	As of June 30,				As of December 31,		As of April 30,	
	2019	2020	2021		2021		2022	
	RMB	RMB	RMB	US\$	RMB	US\$	RMB	US\$
	<i>(in thousands)</i>						<i>(Unaudited)</i>	
<b>Non-current liabilities</b>								
Unsecured bank loans from US banks	-	9,777	-	-	-	-	-	-
Borrowings from former and existing non-controlling interest shareholders	5,310	5,430	6,612	1,038	6,369	999	6,449	1,012
Other borrowings	-	-	313	49	-	-	-	-
<b>Total</b>	<b>5,310</b>	<b>15,207</b>	<b>6,925</b>	<b>1,087</b>	<b>6,369</b>	<b>999</b>	<b>6,449</b>	<b>1,012</b>
<b>Current liabilities</b>								
Current portion of unsecured bank loans from US banks	-	-	8,921	1,400	-	-	-	-
Current portion of borrowings from former and existing non-controlling interest shareholders	-	-	4,748	745	4,882	766	4,987	783
Unsecured bank loans from PRC banks	-	400,000	-	-	-	-	-	-
Other borrowings	2,750	1,182	-	-	300	47	310	48
<b>Total</b>	<b>2,750</b>	<b>401,182</b>	<b>13,669</b>	<b>2,145</b>	<b>5,182</b>	<b>813</b>	<b>5,297</b>	<b>831</b>

Our subsidiaries in the United States obtained unsecured bank loans in April 2020 with an aggregated amount of US\$1,381,000 (equivalent to RMB9,777,000 on June 30, 2020 and RMB8,921,000 on June 30, 2021). These loans bear an interest rate of 0.98% per annum with a term of two years. The loans were obtained under a Coronavirus relief program in the United States. Under the relief program, loan forgiveness will be provided for documented payroll costs and covered rent payments and utilities that qualify the relevant requirements. As of June 30, 2020 and 2021, we were not qualified for the loan forgiveness. During the six months ended December 31, 2021, we became qualified for a loan forgiveness for an amount of US\$1,320,000 (equivalent to RMB8,550,000) and recognized such amount in the consolidated statement of profit or loss. The remaining loan balance of US\$80,000 was repaid in September 2021.

---

## FINANCIAL INFORMATION

---

The long-term borrowings from former and existing non-controlling interest shareholders outstanding as of June 30, 2019 and 2020 mainly represented a loan we borrowed from PT. UBH Indonesia, a then minority shareholder of our subsidiary in Indonesia with a principal amount of IDR10,600,000,000 (equivalent to RMB5,172,000 on June 30, 2019 and RMB5,289,000 on June 30, 2020) and bearing an interest rate of 6% per annum. The loan has a term of five years. The loan was classified as current liability as of June 30, 2021 and December 31, 2021, equivalent to RMB4,748,000 and RMB4,755,000 on June 30, 2021 and December 31, 2021 respectively.

The long-term borrowings from non-controlling interest shareholders outstanding as of June 30, 2021 and December 31, 2021 represented two loans:

- (i) a loan we borrowed from Mr. Li Zhang, a minority shareholder of our subsidiary in Singapore with principal amount of SGD1,350,000 (equivalent to RMB6,484,000 on June 30, 2021). The loan bears an interest rate of 3% per annum and as agreed with the lender. As agreed with the lender, the loan is not required to be repaid until certain performance conditions are met by the subsidiary. As of June 30, 2021 and December 31, 2021, such performance conditions were not expected to be met within one year.
- (ii) a loan we borrowed from Mr. Min Liu, a minority shareholder of our subsidiary in Ukraine with principal amount of US\$20,000 (equivalent to RMB141,000 and RMB128,000 on June 30, 2020 and 2021, respectively) and bearing interest rate of 9% per annum. The loan was with a term of 5 years and will expire in December 2022. The loan was reclassified as current liabilities as of December 31, 2021.

The unsecured bank loans from PRC banks outstanding as of June 30, 2020 under current liabilities included the following three loans:

- (i) an unsecured loan of RMB50,000,000 obtained from a commercial bank in China on December 17, 2019, with a term of 1 year and bearing an interest rate of 4.15% per annum;
- (ii) an unsecured loan of RMB150,000,000 obtained from a commercial bank in China on March 16, 2020, with maturity date at September 12, 2020 and bearing an interest rate of 3.70% per annum; and
- (iii) an unsecured loan of RMB200,000,000 obtained from a commercial bank in China on February 28, 2020, with a term of one year and bearing an interest rate of 3.85% per annum. The loan was subject to the fulfilment of covenants relating to certain financial ratios of MINISO Guangzhou. As of June 30, 2020, MINISO Guangzhou did not meet certain financial ratios and the loan has become repayable on demand. The bank was aware of the failure to maintain certain financial ratios by MINISO Guangzhou. The loan was fully repaid in July 2020. Going forward, the manager of

## FINANCIAL INFORMATION

the treasury department will actively keep track of our compliance with relevant financial covenants in the loan agreements on a monthly basis and monitor whether an advance repayment or default would be triggered and report to our chief financial officer in advance.

These three loans were fully repaid in July 2020. See note 26 to Accountants' Report in Appendix IA to this document for more information.

As of April 30, 2022, we did not have any unutilized banking facilities.

### Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our office premises, directly operated stores and warehouses. The following table sets forth our lease liabilities as of the dates indicated:

	As of June 30,				As of December 31,		As of April 30,	
	2019	2020	2021		2021		2022	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>						<i>(Unaudited)</i>	
Current	186,737	224,080	321,268	50,414	268,425	42,122	267,400	41,961
Non-current	309,833	378,894	483,144	75,816	411,304	64,543	382,972	60,097
<b>Total</b>	<b>496,570</b>	<b>602,974</b>	<b>804,412</b>	<b>126,230</b>	<b>679,729</b>	<b>106,665</b>	<b>650,372</b>	<b>102,058</b>

See note 28 to Accountants' Report in Appendix IA to this document for more information.

Except as discussed above, as of April 30, 2022, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

### CONTINGENT LIABILITIES

#### Commitment of Tax Payments

In connection with the acquisition of land use right and the construction of the headquarters building in Guangzhou, we entered into a letter of intent on November 26, 2020 with the local government of the district where our new headquarters building is located and

---

## FINANCIAL INFORMATION

---

committed to pay an aggregate amount of tax levies of no less than RMB965.0 million to a local government in Guangzhou for a five-year period starting from January 1, 2021, with RMB160.0 million in 2021, RMB175.0 million in 2022, RMB190.0 million in 2023, RMB210.0 million in 2024 and RMB230.0 million in 2025. If we fail to meet the committed amount for any of the five calendar years, we will have to compensate the shortfall. On January 25, 2021, MINISO Guangzhou provided a performance guarantee of RMB160,000,000 issued by a commercial bank to this local government in respect of the commitment of tax payments for the calendar year of 2021, which was valid from April 1, 2021 to March 31, 2022. Our Directors have assessed that, based on the projection of and actual relevant taxes and surcharges paid and payable during the calendar year of 2021 we are expected to meet and have met the commitment for the calendar year of 2021 and thus it is not probable that we need to make such compensation to the local government under the above performance guarantee. No provision has therefore been made in respect of this matter as of June 30, 2021 or December 31, 2021.

### **Lawsuit regarding Employees' Compensation Dispute**

During the fiscal year ended June 30, 2020, certain former employees ("Plaintiffs") of our overseas subsidiaries in the U.S. filed a complaint regarding employees' compensation dispute. In response to this matter, we retained attorneys to engage in settlement discussions with the Plaintiffs. As of June 30, 2020 and 2021, the negotiation results and the expected settlement amount could not be reasonably estimated as the discussions were still in progress. No provision has therefore been made in respect of this matter as of June 30, 2020 or 2021. During the six months ended December 31, 2021, the parties entered into a settlement agreement which is subject to court approval. A provision amounting to US\$1,250,000 (equivalent to RMB8,090,000) was made based on the expected settlement amount accordingly.

Save as disclosed above, as of June 30, 2019, 2020 and 2021 and December 31, 2021, we did not have any material contingent liabilities.

### **CAPITAL EXPENDITURES**

Our capital expenditures are primarily incurred for the purposes of building our new headquarters project, purchasing IT systems and renovating MINISO stores that we directly operated. Our capital expenditures were RMB116.1 million, RMB57.0 million, RMB180.3 million (US\$28.3 million) and RMB1,120.0 million (US\$175.7 million) in the fiscal years ended June 30, 2019, 2020, 2021 and in the six months ended December 31, 2021, respectively. We intend to fund our future capital expenditures with our existing cash balance, short-term investments and anticipated cash flows from operations. We will continue to make well-planned capital expenditures to meet the expected growth of our business.



## FINANCIAL INFORMATION

### CONTRACTUAL OBLIGATIONS

#### Capital Commitments

The following table sets forth our capital commitments as of the dates indicated:

	As of June 30,				As of December 31,	
	2019	2020	2021		2021	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>	<i>US\$</i>
	<i>(in thousands)</i>					
Contracted purchase of software	14,627	13,531	5,182	813	1,821	286
Contracted purchase of property	–	–	101,779	15,971	–	–
Contracted purchase of construction projects	–	–	–	–	852,834	133,828
Contracted purchase of property improvements	–	–	21,679	3,402	–	–
Contracted for	14,627	13,531	128,640	20,186	854,655	134,114
Authorized but not contracted for construction projects	–	–	–	–	15,713	2,466
<b>Total</b>	<b>14,627</b>	<b>13,531</b>	<b>128,640</b>	<b>20,186</b>	<b>870,368</b>	<b>136,580</b>

Contracted purchase of property as of June 30, 2021 represents purchases of apartments to be used as staff accommodation. Contracted purchase of construction projects as of December 31, 2021 represents future expenditures in connection with our headquarters building project.

Other than the capital commitment shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31 2021.

#### OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

---

## FINANCIAL INFORMATION

---

### MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see note 37 to the Accountants' Report in Appendix IA to this document. As of December 31, 2021, we had outstanding balances with related parties of RMB3.0 million (US\$0.5 million) that are included in trade and other receivables and RMB12.0 million (US\$1.9 million) that are included in trade and other payables. All of these balances as of December 31, 2021 are related to our business operations.

Our Directors believe that our transactions with the related parties during the Track Record were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

### FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. See note 34 to the Accountants' Report in Appendix IA to this document for a detailed description of our financial risk management.

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in our financial losses. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high-credit-quality, which we consider to be low credit risk.

Our trade receivables mainly arise from sales of goods to distributors. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of June 30, 2019, 2020 and 2021 and December 31, 2021, 26%, 37%, 39% and 43% of the total trade receivables were due from our five largest customers, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, we do not obtain collateral from customers.

---

## FINANCIAL INFORMATION

---

We measure loss allowances for trade receivables at an amount equal to lifetime expected credit loss (ECL), which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases.

See note 34 to the Accountants' Report in Appendix IA to this document for our exposure to credit risk and ECLs for trade receivables.

### **Liquidity Risk**

As of June 30, 2019, 2020 and 2021 and December 31, 2021, our net current assets amounted to RMB1,265.7 million, RMB1,677.0 million, RMB5,716.2 million and RMB4,014.6 million (US\$630.0 million), respectively. Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

We rely on the cash generated from operating activities as the main source of liquidity. For the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021, we had net cash generated from operating activities of approximately RMB1,038.5 million, RMB826.5 million, RMB916.3 million (US\$143.8 million) and RMB731.7 million (US\$114.8 million), respectively. In addition, our management monitors the utilization of borrowings and ensures compliance with borrowing covenants, if any. As of June 30, 2020, we did not meet certain financial ratios relating to an unsecured bank loan of RMB200.0 million and the loan had become repayable on demand (see note 26(a)(iii) to the Accountants' Report in Appendix IA to this document). We have early repaid the loan in full in July 2020. Our Directors believe that we will have sufficient funds available from the operating activities to meet our financial obligations in the foreseeable future.

See note 34(b) to Accountants' Report in Appendix IA to this document for details of remaining contractual maturity of our financial liabilities.

### **Interest Rate Risk**

Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest risk, respectively. We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix

---

## FINANCIAL INFORMATION

---

of fixed and floating rate exposure. We do not enter into financial derivatives to hedge interest rate risk. See note 34(c) to Accountants' Report in Appendix IA to this document for details of our interest rate profile and a sensitivity analysis.

### **Currency Risk**

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Euros and Hong Kong Dollars. See note 34(d) to Accountants' Report in Appendix IA to this document for a detailed discussion of our exposure to currency risk and a sensitivity analysis.

### **DIVIDENDS**

We are a holding company incorporated under the laws of the Cayman Islands. In order for us to distribute any dividends to our shareholders, we may rely on dividends distributed by our PRC subsidiaries for our cash requirements. PRC laws require that dividends be paid by PRC companies only out of the profit for the year calculated according to PRC accounting principles. Due to the continuous convergence of PRC accounting principles and IFRS, there is no significant difference between these two accounting standards. PRC laws also require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. As advised by our PRC Legal Adviser, according to the PRC Company Law, each of the PRC subsidiaries of the Company can pay dividend from the after-tax profit once (i) it sets aside as general reserves at least 10% of its after-tax profit until the cumulative amount of its reserves reaches 50% of its registered capital, and (ii) any losses of the PRC subsidiaries from prior fiscal years have been offset. Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, where appropriate. On August 19, 2021, our Directors declared a cash dividend in the amount of US\$0.156 per ADS, or US\$0.039 per ordinary share, payable as of the close of business on September 9, 2021 to shareholders of record as of the close of business on August 31, 2021. The aggregate amount of cash dividends paid was approximately US\$47.2 million, which was funded by surplus cash on our balance sheet. During the Track Record Period, no other dividends have been paid or declared by us.

### **DISTRIBUTABLE RESERVES**

As of December 31, 2021, we had distributable reserves of RMB6,647.1 million (US\$1,043.0 million).

---

## FINANCIAL INFORMATION

---

### LISTING EXPENSE

Based on the maximum Public Offer Price of HK\$22.10 per Offer Share and assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the 2020 Share Incentive Plan. The total estimated listing expenses in relation to the Global Offering is approximately RMB91.0 million, RMB8.1 million of which we estimate will be charged to our consolidated statements of profit or loss. The balance of approximately RMB82.9 million, which mainly includes underwriting commission, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering. The total estimated listing expenses constitute approximately 11.8% of the gross proceeds and are mainly comprised of (a) underwriting-related expense of approximately HK\$40.9 million (RMB34.8 million), and (b) non-underwriting related expense of approximately HK\$66.0 million (RMB56.2 million), which are comprised of (1) accountants and legal advisers fees and expenses of approximately HK\$51.6 million (RMB43.9 million) and (2) printing and other fees and expenses of approximately HK\$14.4 million (RMB12.3 million). No such expenses were recognized and charged during the Track Record Period.

### PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued our property interests as at May 31, 2022. The full text of the letter, summary of valuation and valuation certificates with respect to such property interests are set out in Appendix III to this prospectus.

The table below sets forth the reconciliation between the net book value of the relevant property interests as at March 31, 2022 and the valuation as at May 31, 2022 as set out in Appendix III to this prospectus:

	<i>RMB'000</i>
Net book value of our property interests as at March 31, 2022	
– Apartments, constructions in progress and land use right	<u>2,051,763</u>
Adjustments for the two months ended May 31, 2022	
– Addition	5,233
– Depreciation and amortisation	<u>(8,986)</u>
Net book value of our property interests as at May 31, 2022	2,048,010
Net valuation surplus	<u>121,390</u>
Valuation of our property interests as at May 31, 2022 as set out in the property valuation report in Appendix III to this prospectus	<u><u>2,169,400</u></u>

## FINANCIAL INFORMATION

### UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF OUR COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets attributable to equity shareholders of our Company prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the unaudited consolidated net tangible assets attributable to equity shareholders of our Company as of December 31, 2021, as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets attributable to equity shareholders of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets attributable to equity shareholders of our Company, had the Global Offering been completed as of December 31, 2021 or at any future dates.

Consolidated net tangible assets of our Group attributable to equity shareholders of our Company as of December 31, 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of our Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of our Company per ADS
<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>	<i>RMB</i> <i>HK\$</i> <i>(Note 3)</i> <i>(Note 5)</i>	<i>RMB</i> <i>HK\$</i> <i>(Note 4)</i> <i>(Note 5)</i>
Based on the maximum Public Offer Price of HK\$22.10 per Share	6,663,380	682,843	7,346,223    5.80    6.81	23.20    27.24

*Notes:*

- (1) The consolidated net tangible assets of our Group attributable to equity shareholders of our Company as of December 31, 2021 is calculated based on the consolidated net assets attributable to equity shareholders of our Company of RMB6,736,339,000 as of December 31, 2021, less intangible assets of RMB53,319,000 and goodwill of RMB19,640,000 as of the same date, as extracted from the historical financial information included in the Accountants' Report set out in Appendix IA to this document.
- (2) The estimated net proceeds from the Global Offering are based on the maximum Public Offer Price of HK\$22.10 per share, after deduction of the estimated underwriting fees and other related expenses related to the Global Offering and the issuance of 41,100,000 Shares, and does not take into account of any Shares that may be issued upon exercise of the Over-allotment Option or any options which may

---

## FINANCIAL INFORMATION

---

be granted under the 2020 Share Incentive Plan, and excluding any shares which may be issued or repurchased by our Company pursuant to the general mandates. The estimated net proceeds from the Global Offering is converted into RMB at an exchange rate of HK\$1.173714 to RMB1.

- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share is arrived at after the adjustments for the estimated net proceeds from the Global Offering payable by our Group as described in footnote (2) and on the basis that a total of 1,266,666,355 Shares were in issue assuming that the Global Offering was completed on December 31, 2021, but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the 2020 Share Incentive Plan, and excluding any shares which may be issued or repurchased by our Company pursuant to the general mandates.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that one ADS represents four Shares.
- (5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in RMB are converted into Hong Kong dollars at the rate of RMB1.00 to HK\$1.173714. No representation is made that RMB amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2021, including but not limited to the 4,722,236 shares repurchased during the period from January 1, 2022 to the Latest Practicable Date under the share repurchase program. Had such share repurchases occurred before or on December 31, 2021, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to equity shareholders of our Company would have decreased by RMB60,795,000, and the unaudited pro forma consolidated net tangible assets attributable to equity shareholders of our Company per Share and per ADS would have decreased by RMB0.05 and RMB0.20, respectively.

### **NO MATERIAL ADVERSE CHANGE**

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2021, which is the end date of the periods reported on in the Accountants' Report included in Appendix IA to this document, and there is no event since December 31, 2021 that would materially affect the information as set out in the and the Accountants' Report included in Appendix IA to this document.

### **DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES**

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.



---

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

---

### CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Ye, our Founder, chairman of the Board, executive Director and chief executive officer, and Ms. Yang, spouse of Mr. Ye and our vice president, held approximately 64.4% of the total issued share capital of the Company, representing approximately 76.8% of the aggregate voting power of our total issued and outstanding Shares, after taking into account the super-voting rights of the 328,290,482 Class B ordinary shares controlled by them through Mini Investment Limited. Each Class B ordinary share is entitled to three votes, and each Class A ordinary share is entitled to one vote at a general meeting of our Company.

Upon Listing, our Company will unwind our weighted voting rights structure and all the issued Shares (including Shares held by Mr. Ye and Ms. Yang through Mini Investment Limited) will be converted and re-designated into ordinary shares which entitle holders to one vote for each Share at the general meeting of our Company pursuant to the Articles of Association to take effect upon Listing.

Immediately following the completion of the Global Offering and upon the unwinding of the weighted voting rights structure, Mr. Ye and Ms. Yang will be interested in and will control, through Mini Investment Limited, YGF MC Limited (“**YGF MC**”), YGF Development Limited (“**YGF Development**”), YYY MC Limited (“**YYY MC**”) and YYY Development Limited (“**YYY Development**”), an aggregate of 789,405,061 Shares, representing approximately 62.3% of our total issued Shares, and will be entitled to exercise approximately 62.3% of the voting rights of our issued Shares in general meetings. All of Mr. Ye, Ms. Yang, Mini Investment Limited, YGF MC, YGF Development, YYY MC and YYY Development are a group of controlling shareholders of the Company.

Mini Investment Limited holds 328,290,482 Shares in our Company and is wholly owned by YGF Development, a limited liability company incorporated under the laws of BVI. All shares of YGF Development are held by TMF (Cayman) Ltd. as trustee of the YGF Trust. Mr. Ye is both the settlor and protector of YGF Trust, and Mr. Ye and his family members are the beneficiaries. As a result, both Mr. Ye and Ms. Yang are deemed to be interested in the Shares held by Mini Investment Limited.

YYY MC holds 257,849,197 Shares in our Company and is wholly-owned by YYY Development, a limited liability company incorporated under the laws of BVI. All shares of YYY Development are held by TMF (Cayman) Ltd. as trustee of the YYY Trust. Ms. Yang is both the settlor and protector of YYY Trust, and Ms. Yang and her family members as beneficiaries. As a result, both Mr. Ye and Ms. Yang are deemed to be interested in the Shares held by YYY MC.

YGF MC Limited holds 203,265,382 Shares in our Company and is wholly-owned by Mr. Ye. Mr. Ye and Ms. Yang are spouses, and are therefore deemed to be interested in the equity interests held by each other. Mr. Ye and Ms. Yang make joint decisions on the exercise of the voting power of the Shares owned by them through their vehicles.

---

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

---

Based on the above, both prior to and upon Listing, Mr. Ye and Ms. Yang will continue to be the Controlling Shareholders of our Company.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing.

#### Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of six Directors comprising three executive Directors and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management”.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

- (a) our Directors are aware of their fiduciary duties as a director which require, among others, that they act for the benefit and in the interest of our Company and do not allow any conflict between their duties as a Director and their personal interests;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive directors for review;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is(are) required to declare the nature of such interest before voting at the relevant Board meeting; and
- (e) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, as detailed in “–Corporate Governance Measures”.

Based on the above, our Directors believe that our business is managed independently of our Controlling Shareholders.

---

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

---

### **Operational Independence**

Our Group is not operationally dependent on the Controlling Shareholders. Our Company (through our subsidiaries) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

### **Financial Independence**

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

There will be no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their associates as of the Listing Date.

Based on the above, our Directors are of the view that our business is financially independent of our Controlling Shareholders and that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Controlling Shareholders and their close associates after the Listing.

YYY MC Limited has entered into a loan arrangement in April 2022, as may be amended from time to time (the “**Loan Arrangement**”), pursuant to which certain shares held by YYY MC Limited, YGF MC Limited and Mini Investment Limited are subject to share pledge or are placed in escrow (which may also be pledged to secure repayment of the loan pursuant to terms and conditions of the Loan Arrangement). For further details, please refer to the section headed “Substantial Shareholders”.

Mr. Ye and Ms. Yang have confirmed that, as of the date of this document, they have sufficient resources to pay off the outstanding loan and the ability to refinance during the term of the loan.

### **Disclosure under Rule 8.10 of the Listing Rules**

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

---

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

---

### CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognise the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

Under the Articles of Association, extraordinary general meetings of the Company may be convened on the written requisition of any one or more members holding, as at the date of deposit of the requisition, in aggregate shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. In addition, pursuant to the Shareholder communication policy to be adopted by the Company upon Listing, Shareholders are encouraged to put governance related matters to the Directors and to the Company directly in writing.

We will also adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Shareholders' meeting is held pursuant to the Listing Rules to consider proposed transactions or arrangements in which our Controlling Shareholders or any of their associates have a material interest, our Controlling Shareholder(s) shall abstain from voting and their votes shall not be counted;
- (b) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after Listing;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;
- (e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

---

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

---

- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expense;
- (g) we have appointed Haitong International Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (h) we have established our audit committee, remuneration committee, nominating and corporate governance committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

---

## CONNECTED TRANSACTIONS

---

Pursuant to Chapter 14A of the Listing Rules, the following transactions that we enter into with our connected persons will constitute connected transactions upon Listing.

### OUR CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon Listing and the nature of their relationship with our Company. We have entered into certain transactions which will constitute our continuing connected transactions following the Listing with the following connected persons:

Name	Connected relationship
Mr. Ye	the chairman of the Board, an executive Director, the chief executive officer and a Controlling Shareholder of our Company
Haydon (Shanghai) Technology Co., Ltd. (黑洞(上海)科技有限公司) (“ <b>Haydon SH</b> ”)	a company ultimately controlled by Mr. Ye, and hence an associate of Mr. Ye (as defined in Rule 14A.12(c) of the Listing Rules)
Wow Color Beauty (Guangdong) Technology Limited (色界美妝(廣東)科技有限公司) (“ <b>Wow Color Beauty</b> ”)	a company ultimately controlled by Mr. Ye, and hence an associate of Mr. Ye (as defined in Rule 14A.12(c) of the Listing Rules)
Henhaohe Tea Guangdong Limited (很好喝茶飲(廣東)有限公司) (“ <b>HHH Tea</b> ”)	a company ultimately controlled by Mr. Ye, and hence an associate of Mr. Ye (as defined in Rule 14A.12(c) of the Listing Rules)
Guangzhou Chuyunju Catering Service Co., Ltd. (廣州市楚雲居餐飲服務有限公司) (“ <b>Chuyunju Catering</b> ”)	a company ultimately controlled by Mr. Ye, and hence an associate of Mr. Ye (as defined in Rule 14A.12(c) of the Listing Rules)
MINISO Lifestyle Nigeria Limited (“ <b>MINISO Nigeria</b> ”)	a company controlled by YGF MC Limited, which is wholly-owned by Mr. Ye, and hence an associate of Mr. Ye (as defined in Rule 14A.12(c) of the Listing Rules)

---

## CONNECTED TRANSACTIONS

---

### SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions that will constitute continuing connected transactions under Rule 14A.31 of the Listing Rules upon Listing:

<b>Transaction</b>	<b>Applicable Listing Rule</b>	<b>Waiver sought</b>	<b>Proposed annual cap for the fiscal year ending June 30,</b>		
			<b>2023</b>	<b>2024</b>	<b>2025</b>
			<i>(RMB'000)</i>		
<b>Fully-exempt continuing connected transactions</b>					
1. Procurement of cosmetics and beauty products by our Group	Rule 14A.76(1)	N/A	N/A	N/A	N/A
2. Provision of catering services to our Group	Rule 14A.76(1)	N/A	N/A	N/A	N/A
3. IP licensing, sales and distribution of products by our Group	Rule 14A.76(1)	N/A	N/A	N/A	N/A
4. Provision of IT support and consulting services by our Group	Rule 14A.76(1)	N/A	N/A	N/A	N/A

### FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### 1. Procurement of Cosmetics and Beauty Products by our Group

On June 27, 2022, MINISO (Guangzhou) Co., Ltd. (for itself and on behalf of other members of our Group) entered into a framework agreement (the “**Procurement of Lifestyle Products Framework Agreement**”) with Haydon SH and Wow Color Beauty, respectively, both of which are beauty product retailers, in relation to the procurement of cosmetics and beauty products by our Group, with effect from the Listing. Pursuant to the Procurement of Cosmetics and Beauty Products Framework Agreement, each of Haydon SH and Wow Color Beauty will sell certain cosmetics and beauty products, to us in the ordinary and usual course of business and is on normal commercial terms or better. Both of Haydon SH and Wow Color Beauty have been providing a steady supply and large volume of cosmetics and beauty products for our sales historically. We expect to continue to procure lifestyle products from each of Haydon SH and Wow Color Beauty following the Listing. The initial term of the Procurement of Lifestyle Products Framework Agreement will commence on the Listing Date and end on June 30, 2025 (both days inclusive).



---

## CONNECTED TRANSACTIONS

---

Since the highest of the applicable percentage ratios in respect of this transaction is expected to be, on an annual basis, less than 0.1%, pursuant to Rule 14A.76(1) of the Listing Rules, the sales of cosmetics and beauty products contemplated under the Procurement of Cosmetics and Beauty Products Framework Agreement constitutes de minimis transaction which will be fully exempt from the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 2. Provision of Catering Services to our Group

On June 27, 2022, MINISO (Guangzhou) Co., Ltd. (for itself and on behalf of other members of our Group) entered into a framework agreement (the “**Catering Services Framework Agreement**”) with Chyunju Catering, a catering service provider, to regulate the provision of catering services to our Group, with effect from the Listing. Pursuant to the Catering Services Framework Agreement, Chyunju Catering will provide catering services to us for our employees and our events. It is conducted in the ordinary and usual course of business and is on normal commercial terms or better. For catering services provided to our employees, the fees will be determined based on a standard minimum price per meal determined multiplied by the number of meals consumed by our employees for the month. For catering services provided to our guests, the fees will be based on the prevailing market rate for the meals. The initial term of the Catering Services Framework Agreement will commence on the Listing Date and end on June 30, 2025 (both days inclusive).

Since the highest of the applicable percentage ratios in respect of this transaction is expected to be, on an annual basis, less than 0.1%, pursuant to Rule 14A.76(1) of the Listing Rules, the provision of catering services contemplated under the Catering Services Framework Agreement constitutes de minimis transaction which will be fully exempt from the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 3. IP Licensing, Sales and Distribution of Products by our Group

On June 27, 2022, MINISO Hong Kong Limited (for itself and on behalf of other members of our Group) entered into a framework agreement (the “**IP Licensing, Sales and Distribution Framework Agreement**”) with MINISO Nigeria to grant to MINISO Nigeria (i) exclusive licenses for the use of certain intellectual property rights in Nigeria owned by MINISO Hong Kong Limited, including but not limited to trademarks, particular package and decoration, patents, technical know-how and operation standard (the “**Licensed IP Rights**”) that are owned by us charged by a one-off license fee based on the term of the licensing arrangement; and (ii) an exclusive right to establish MINISO stores in Nigeria as a distributor of our Group, with effect from the Listing Date. The fee arrangement with MINISO Nigeria is similar to that with our other distributors.

---

## CONNECTED TRANSACTIONS

---

MINISO Nigeria will use the Licensed IP Rights within the scope specified in the IP Licensing, Sales and Distribution Framework Agreement. In addition, under the agreement, MINISO Hong Kong Limited will sell and distribute to MINISO Nigeria the products under the brand of MINISO, including products which comprise intellectual property licensed by external IP licensors collaborating with the brand of MINISO (the “**IP Licensed Products**”). For details of the licence agreement and sales and distribution agreement our Company typically enter with our overseas distributors, please see the section headed “Business – Our Store Network – Store Operation Overseas”.

As the Licensed IP Rights has obtained wide consumer and social recognition with substantial reputation and goodwill in the “MINISO” brand, the Directors consider that granting of the Licensed IP Rights to MINISO Nigeria, being our distributor, will enable MINISO Nigeria to leverage on the popularity and reputation of our Group, thereby further promote the sale of IP Licensed Products and contribute to the growth of our business. The initial term of the IP Licensing, Sales and Distribution Framework Agreement will commence on the Listing Date and end on June 30, 2025 (both days inclusive).

Since the highest of the applicable percentage ratios in respect of this transaction is expected to be, on an annual basis, less than 0.1%, pursuant to Rule 14A.76(1) of the Listing Rules, the transactions under the IP Licensing, Sales and Distribution Framework Agreement constitute de minimis transactions and are fully exempt from the annual reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

#### **4. Provision of IT Support and Consulting Services by our Group**

On June 27, 2022, MINISO Digital Technology (Guangzhou) Co., Ltd. (創優數字科技(廣州)有限公司) (“**MINISO Digital**”) (for itself and on behalf of other members of our Group) entered into a framework agreement (the “**IT Support and Consulting Services Framework Agreement**”) with each of (i) Haydon SH, (ii) Wow Color Beauty and (iii) HHH Tea (a beverage retailer), respectively, in relation to the provision of IT system implementation, authorization of use of software, operation and maintenance, information technology consultation and data analysis services (the “**IT Support and Consulting Services**”) by our Group, with effect from the Listing Date.

The initial term of the IT Support and Consulting Services Framework Agreement will commence on the Listing Date and end on June 30, 2025 (both days inclusive). Separate underlying agreements will be entered into which will set out the precise scope of services, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the IT Support and Consulting Services Framework Agreement.

---

## CONNECTED TRANSACTIONS

---

Pursuant to the IT Support and Consulting Services Framework Agreement, we will continue to provide IT Support and Consulting Services to each of (i) Haydon SH, (ii) Wow Color Beauty and (iii) HHH Tea. Haydon SH, Wow Color Beauty and HHH Tea will in return pay us a service fee for the IT Support and Consulting Services provided.

Since the highest of the applicable percentage ratios in respect of this transaction is expected to be, on an annual basis, less than 0.1%, pursuant to Rule 14A.76(1) of the Listing Rules, the provision of IT Support and Consulting Services contemplated under the IT Support and Consulting Services Framework Agreement constitutes de minimis transaction which will be fully exempt from the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

---

## SHARE CAPITAL

---

### AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued immediately before and following the completion of the Listing, assuming the Presumptions:

#### Authorized Share Capital

<u>Number of Shares</u>	<u>Description of Shares</u>	<u>Aggregate nominal value of Shares</u>
10,000,000,000 . . . . .	Shares	US\$100,000

#### Issued Share Capital

<u>Number of Shares</u>	<u>Description of Shares</u>	<u>Aggregate nominal value of Shares</u>
1,225,566,355 . . . . .	Shares in issue as of the date of this document	US\$12,255.7
41,100,000 . . . . .	Shares to be issued pursuant to the Global Offering	US\$411.0
<u>1,266,666,355 . . . . .</u>	<b>Total Shares</b>	<u>US\$12,666.7</u>

The above tables assumes (i) the Presumptions and (ii) the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering.

#### Our Voting Structure before and after the Listing

Under our current weighted voting rights structure, our share capital comprises Class A ordinary shares and Class B ordinary shares. As of the Latest Practicable Date, all Class B ordinary shares were held by Mini Investment Limited, a member of the Controlling Shareholders group and an entity controlled by Mr. Ye. Mr. Ye and Ms. Yang are spouses and they make joint decisions on the exercise of the voting power of the Class B ordinary shares owned by Mini Investment Limited. Each Class B ordinary share entitles the holder to three votes per share at our Company's general meetings. Each Class A ordinary share entitles its holder to one vote per share at our Company's general meetings.

---

## SHARE CAPITAL

---

Upon the Listing, the Memorandum and Articles of Association will take effect, under which, our Company will no longer have a weighted voting rights structure and all Class B ordinary shares will be converted and re-designated as Ordinary Shares without any super-voting rights. After the re-designation, all the issued Shares of our Company will entitle their holders to one vote per Share at a general meeting of our Company.

For further details, see the Summary of the Constitution of the Company and Cayman Islands Company Law in Appendix IV to this document.

### **Ranking**

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

### **POTENTIAL CHANGES TO SHARE CAPITAL**

#### **Circumstances under which General Meeting and Class Meeting are Required**

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital by the creation of new shares; (ii) consolidate and divide its capital into shares of larger amount than its existing shares; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of the Constitution of the Company – 2 Articles of Association – 2.11 Changes in Share Capital” in Appendix IV for further details.

If at any time the share capital of our Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Act, be materially adversely varied only with (in addition to a special resolution to amend the Memorandum or the Articles) the consent in writing of the holders of all of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. See “Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of the Constitution of the Company – 2 Articles of Association – 2.7 Variation of Rights of Shares” in Appendix IV for further details.

---

## SHARE CAPITAL

---

### **General Mandate to Issue Shares**

At the AGM to be convened before the Listing, a resolution will be put forth for the shareholders of the Company to approve that, subject to the Global Offering becoming unconditional, our Directors will be granted a general mandate to allot, issue and deal with Shares or securities convertible into Shares with a total nominal value of not more than the sum of:

- 20% of the total number of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued under the 2020 Share Incentive Plan); and
- the total number of Shares repurchased by our Company under the authority referred to in the paragraph headed “– General mandate to repurchase Shares” in this section.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws of the Cayman Islands to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See “Statutory and General Information – Further Information about Our Company and Our Subsidiaries – Resolutions of Our Shareholders at the AGM” in Appendix V for further details of this general mandate.

### **General Mandate to Repurchase Shares**

At the AGM to be convened before the Listing, a resolution will be put forth for the shareholders of the Company to approve that, subject to the Global Offering becoming unconditional, our Directors will be granted a general mandate to exercise all the powers of our Company to repurchase our own Shares and securities up to 10% of the total number of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the 2020 Share Incentive Plan).

---

## SHARE CAPITAL

---

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares or ADSs are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws of the Cayman Islands to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See "Statutory and General Information – Further Information about Our Company and Our Subsidiaries – Explanatory statement on repurchase of our own securities" in Appendix V for further details of the repurchase mandate.

### **Share Incentive Plan**

We have adopted the 2020 Share Incentive Plan, pursuant to which further Shares may be issued. See the section headed "Statutory and General Information – D. 2020 Share Incentive Plan" in Appendix V for further details.



---

## SUBSTANTIAL SHAREHOLDERS

---

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming the Presumptions, the following persons will have interests and/or short positions (as applicable) in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting rights of our Company or any other member of our Group:

<u>Name of substantial shareholders</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Shares<sup>(1)</sup></u>	<u>Approximate percentage of shareholding in each class of share of our Company after the Global Offering<sup>(1)</sup></u>
YYY MC Limited <sup>(2)</sup>	Beneficial interest	257,849,197	20.4%
YYY Development Limited <sup>(2)</sup>	Interest in controlled corporation	257,849,197	20.4%
YGF MC Limited <sup>(3)</sup>	Beneficial interest	203,265,382	16.0%
Mini Investment Limited <sup>(4)</sup>	Beneficial interest	328,290,482	25.9%
YGF Development Limited <sup>(4)</sup>	Interest in controlled corporation	328,290,482	25.9%
Mr. Ye <sup>(2)(3)(4)(5)</sup>	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust/interest of spouse	789,405,061	62.3%
Ms. Yang <sup>(2)(3)(4)(5)</sup>	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust/interest of spouse	789,405,061	62.3%

---

## SUBSTANTIAL SHAREHOLDERS

---

*Notes:*

- (1) The table assumes (i) the Global Offering becomes unconditional and the Offer Shares are issued pursuant to the Global Offering, (ii) the Over-allotment Option is not exercised and no Shares are issued under the 2020 Share Incentive Plan, and (iii) no Shares are issued or cancelled and no other potential change to the share capital materialize as described in “Share Capital – Potential changes to share capital”.
- (2) YYY MC Limited is wholly-owned by YYY Development Limited, a limited liability company incorporated under the laws of British Virgin Islands. All shares of YYY Development Limited are held by TMF (Cayman) Ltd. on behalf of YYY Trust, with TMF (Cayman) Ltd. as the trustee, and Ms. Yang and her family members as beneficiaries. Ms. Yang is both the settlor and protector of YYY Trust and is deemed to be the controlling person of the YYY Trust. Under the SFO, Ms. Yang is deemed to be interested in all the interests in our Company held by YYY MC Limited. A loan arrangement has been entered with Haitong International Capital (HK) Limited, amongst others, in April 2022, as may be amended from time to time (the “**Loan Arrangement**”), pursuant to which the 257,849,197 class A ordinary shares held by YYY MC Limited are subject to share pledge to China Construction Bank (Asia) Corporation Limited (“**CCB**”), an authorised institution as defined in the Banking Ordinance, as security agent. The share pledge under the Loan Arrangement, including amendments thereto (if any), will be in favor of an authorised institution as defined in the Banking Ordinance and in compliance with the applicable Listing Rules. Haitong International Capital (HK) Limited is a fellow subsidiary of one of our Joint Sponsors, Haitong International Capital Limited.
- (3) YGF MC Limited is wholly-owned by Mr. Ye. Pursuant to the Loan Arrangement, 133,889,560 class A ordinary shares held by YGF MC Limited are subject to share pledge to CCB; 60,575,822 class A ordinary shares and 8,800,000 class A ordinary shares (in the form of ADSs) held by YGF MC Limited are placed in escrow and are subject to negative pledge covenants and restrictions on disposal.
- (4) Mini Investment Limited is wholly-owned by YGF Development Limited, a limited liability company incorporated under the laws of British Virgin Islands. All shares of YGF Development Limited are held by TMF (Cayman) Ltd. on behalf of YGF Trust, with TMF (Cayman) Ltd. as the trustee, and Mr. Ye and his family members as beneficiaries. Mr. Ye is both the settlor and the protector of YGF Trust and is deemed to be the controlling person of the YGF Trust. Under the SFO, Mr. Ye is deemed to be interested in all the interests in our Company held by Mini Investment Limited. Pursuant to the Loan Arrangement, 328,290,482 class B ordinary shares held by Mini Investment Limited, all of which shall have been converted into ordinary shares on a one-for-one basis upon Listing, are placed in escrow and are subject to negative pledge covenants and restrictions on disposal.
- (5) Mr. Ye and Ms. Yang are spouses, and are therefore deemed to be interested in the equity interests held by each other.

Save as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Presumptions), have any interest and/or short positions in our Shares or underlying Shares which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### DIRECTORS

Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
YE Guofu (葉國富)	44	Executive Director, Chairman of the Board and Chief Executive Officer	December 2013	January 2020	Responsible for the overall strategy, business development and management of our Group
LI Minxin (李敏信)	50	Executive Director and Executive Vice President	December 2013	February 2020	Responsible for the overall strategy, legal and business development of our Group
ZHANG Saiyin (張賽音)	42	Executive Director, Chief Financial Officer and Executive Vice President	July 2017	February 2020	Responsible for the overall strategy, the accounting, internal controls functions, and the capital markets activities of our Group
XU Lili (徐黎黎)	40	Independent non-executive Director <sup>(1)</sup>	October 2020	October 2020	Supervising and providing professional opinion and judgment to the Board and serving as chairwoman and/or members of certain committees of the Board
ZHU Yonghua (朱擁華)	41	Independent non-executive Director <sup>(1)</sup>	October 2020	October 2020	Supervising and providing professional opinion and judgment to the Board and serving as chairman and/or members of certain committees of the Board

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
WANG Yongping (王永平)	53	Independent non-executive Director <sup>(1)</sup>	November 2021	November 2021	Providing independent opinion and judgment to the Board and serving as chairman and/or members of certain committees of the Board

*Note:*

- (1) Ms. Xu, Mr. Zhu and Mr. Wang are our independent directors under applicable U.S. regulations and are also independent non-executive directors for the purpose of the Listing Rules. We have determined that Ms. Xu qualifies as an “audit committee financial expert” under the applicable rules of the SEC and has the appropriate professional accounting or financial management experience.

Save as disclosed below, none of the Directors had held any directorships in listed companies during the three years immediately prior to the Latest Practicable Date, there is no other information in respect of the Directors to be disclosed pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders or potential investors.

### Executive Directors

**Mr. YE Guofu** (葉國富), aged 44, is our executive Director and founder, and has served as the chairman of the Board since February 2020 and the chief executive officer of our Company since February 2020. Mr. Ye is responsible for the overall strategy, business development and management of our Group.

Mr. Ye founded Miniso Corporation, the predecessor of our Group, in August 2009 and has since then served as the chief executive officer of Miniso Corporation until August 2018. After Miniso Guangzhou, our PRC holding entity before we established our offshore holding structure, was established in October 2017, Mr. Ye has since then been serving as a director and the general manager of Miniso Guangzhou. Mr. Ye accumulated immense mastery in trendy fashion during the period of Chinese economic transformation and seized the opportunity to improve the social quality consumption patterns, bringing a new business model in China.

Mr. Ye received his junior college diploma in economic management from Zhongnan University of Economics and Law in China in July 2001.

**Mr. LI Minxin** (李敏信), aged 50, is our executive Director and has served as an executive vice president of our Company since February 2020. Mr. Li is responsible for the overall strategy, legal and business development of our Group.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Mr. Li served as an executive vice president in charge of business development at Miniso Corporation, the predecessor of our Group, from February 2010 to August 2018. After Miniso Guangzhou was established in October 2017, Mr. Li has been served as an executive vice president of Miniso Guangzhou in charge of business development from August 2018 and served as a director of Miniso Guangzhou from December 2018 to March 2020. Before that, Mr. Li operated his own franchisee business in the apparel industry and accumulated substantial industry experience.

**Mr. ZHANG Saiyin (張賽音)**, aged 42, is our executive Director and has served as the chief financial officer and executive vice president of our Company since February 2020. Mr. Zhang is responsible for the overall strategy, the accounting, internal controls functions, and the capital markets activities of our Group.

Mr. Zhang will be appointed as an independent non-executive director of ClouDr Group Limited, a chronic condition management solution provider in China, upon its listing on the Main Board of the Stock Exchange. Mr. Zhang joined Miniso Corporation in July 2017 and served as the chief financial officer and a vice president of Miniso Corporation from July 2017 to October 2018. After Miniso Guangzhou was established, Mr. Zhang served as a director of Miniso Guangzhou from December 2018 to March 2020 and have been serving as the chief financial officer and an executive vice president of Miniso Guangzhou since October 2018. Prior to joining our Group, Mr. Zhang served as the assistant general manager and the chief financial officer of China Resources Textiles (Holdings) Company Limited, a company engaging in producing, processing and distribution of textile products and brand garments, from June 2015 to July 2017 and served multiple finance leadership roles at the same companies from April 2011 to May 2015. Prior to that, Mr. Zhang served as a manager of the finance department at Shenzhen Jinjia Color Printing Group Co., Ltd. (SZSE: 2191), a company engaging in the production and distribution of cigarette label products and the development and manufacture of package printing materials listed on the Shenzhen Stock Exchange, from September 2009 to March 2011. Mr. Zhang served as a senior auditor at the Shenzhen office of Deloitte Touche Tohmatsu Limited from July 2005 to September 2009. Prior to that, Mr. Zhang served in overseas investment and financing department at ZTE Corporation (SZSE: 0063; HKEX: 0763), a company providing integrated telecommunications and information technology solutions worldwide listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange, from March 2004 to July 2005.

Mr. Zhang received his bachelor's degree in accounting from Huazhong Agricultural University in China in June 2002 and his master's degree in accounting and finance from University of Birmingham in the United Kingdom in September 2003. Mr. Zhang is also a member of Association of Chartered Certified Accountants Southern China Steering Team since July 1, 2020.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### Independent Non-Executive Directors

**Ms. XU Lili (徐黎黎)**, aged 40, has served as our independent director since October 2020 and was re-designated as an independent non-executive Director with effect from the Listing Date.

Ms. Xu has served as an independent director of Yalla Group Limited (NYSE: YALA), a social networking and entertainment platform company listed on the New York Stock Exchange, since February 2021. In addition, Ms. Xu has served as the chief financial officer of ClouDr Group Limited, a chronic condition management solution provider in China, since October 2020. Prior to that, Ms. Xu served as the chief financial officer of Tongdao Liepin Group (HKEX: 6100), a company engaging in the provision of a variety of talent acquisition services to individual, businesses and head hunters listed on the Main Board of the Stock Exchange, from March 2014 to September 2020 and an executive director from March 2018 to September 2020. Prior to that, Ms. Xu held various positions at General Electric Company (NYSE: GE), a high-tech industrial company listed on the New York Stock Exchange, including as the chief financial officer of GE Power Generation Services China, from January 2005 to March 2014.

Ms. Xu received a bachelor's degree in international business from Nanjing University in China in June 2003 and a master of science degree in local economic development from the London School of Economics and Political Science in the United Kingdom in November 2004. Ms. Xu is a public accountant certified by the Board of Accountancy of Washington State of the United States since June 2012.

**Mr. ZHU Yonghua (朱擁華)**, aged 41, has served as our independent director since October 2020 and was re-designated as an independent non-executive Director with effect from the Listing Date.

Mr. Zhu has been the founding partner of Long-Z (formerly Meituan DragonBall Capital), a venture capital fund, since January 2017 in charge of the overall investment of Long-Z. Mr. Zhu served as an executive director of the department of investment in modern agriculture and food at Legend Holdings Corporation (HKEX: 3396), a leading industrial investment and operations company in China listed on the Main Board of the Stock Exchange, from November 2014 to December 2016. Mr. Zhu worked at Tiantu Capital, an investment management company, from 2007 to October 2014.

Mr. Zhu received a master's degree in finance from Newcastle University in the United Kingdom in December 2005.

**Mr. WANG Yongping (王永平)**, aged 53, has served as our independent director since November 2021 and was re-designated as an independent non-executive Director with effect from the Listing Date.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Mr. Wang has served as the president of China Commercial Real Estate Association since August 2016 and as a vice chairman of the Commerce Economy Association of China since April 2018. Mr. Wang has also served as an independent director of Easyhome New Retail Group Co., Ltd. (SZSE: 0785) (“**Easyhome**”), a China-based company engaging in investment, development, merchandize distributorship, marketing and service of the home building material industry and listed on the Shenzhen Stock Exchange, since December 2019, and an independent non-executive director of SCE Intelligent Commercial Management Holdings Limited (HKEX: 0606) (“**SCE**”), a China-based investment holding company that mainly provides integrated property management services listed on the Main Board of the Stock Exchange, since June 2021. From April 2017 to May 2020, he served as an independent director at Winner Technology Co., Inc. (SZSE: 300609) (“**Winner Technology**”), a data operation services provider listed on the Shenzhen Stock Exchange.

Mr. Wang was an independent director of Shanghai Youyouto Investment Development Co., Ltd. (“**Shanghai Youyouto**”), a limited liability company established in the PRC principally engaged in the operation of children’s indoor amusement park, from March 2016 to March 2019, where he was primarily responsible for providing independent advice on its operations and management. Shanghai Youyouto was declared bankrupt on December 22, 2020 and is currently in the process of liquidation. Mr. Wang confirmed that he was not involved in the management and operation of the business of Shanghai Youyouto. During his directorship with Shanghai Youyouto, Mr. Wang attended the meetings of Shanghai Youyouto as its independent director whenever notified and had reviewed meeting proposals and resolutions provided to him in relation to the composition of the board of directors, appointment of new directors and amendment of Shanghai Youyouto’s articles of association. Mr. Wang confirmed that he had not breached his fiduciary duties and duties of due diligence during his directorship with Shanghai Youyouto. Mr. Wang further confirmed that to the best of his knowledge and belief, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the liquidation of Shanghai Youyouto.

Before joining our Group, Mr. Wang held various senior management positions in several national commercial real estate institutions. Mr. Wang served as director at Beijing Sperry Real Estate Brokerage Co., Ltd. from March 2014 to February 2020. He also served as an executive general manager mainly responsible for its daily management at Zhongshang Lianmeng (Beijing) Real Estate Consulting Co., Ltd. from April 2011 to December 2020. Mr. Wang served as an executive vice secretary-general, vice chairman and secretary-general at China Federation of Urban Commercial Outlets Construction Administration from November 2003 to July 2010. He served as a director at Zhongshang Lianmeng (Beijing) Commercial Investment Co., Ltd. from September 2011 to July 2017. Mr. Wang also served as an executive editor-in-chief and editor-in-chief at Journal of Commercial Economics from May 2002 to September 2018 and as a reporter and a chief reporter, mainly responsible for business news gathering and editing at China Business Herald from September 1990 to April 2002.

Mr. Wang received his bachelor’s degree in economics from Hangzhou College of Commerce (now known as Zhejiang Gongshang University) in China in July 1990.



## DIRECTORS AND SENIOR MANAGEMENT

In respect of the liquidation of Shanghai Youyouto, having taking into account (i) Mr. Wang's confirmations above; (ii) no search results have been found in public domain that Mr. Wang was subject to any sanction, public reprimand or any limitation which would affect his suitability to act as a director; (iii) Mr. Wang's confirmation that he has never been involved in any legal proceedings in the PRC, Hong Kong and any other jurisdictions; and (iv) Mr. Wang's experience acting as director in other listed companies during or after the period when Mr. Wang was an independent director of Shanghai Youyouto, including an independent director of Winner Technology from April 2017 to May 2020, an independent director of Easyhome since December 2019 and an independent director of SCE since June 2021, our Directors are of the view that the bankruptcy of Shanghai Youyouto should not negatively affect Mr. Wang's suitability to act as our independent non-executive Director.

### SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as an executive officer	Roles and responsibilities
YE Guofu (葉國富)	44	Executive Director, Chairman of the Board and Chief Executive Officer	December 2013	February 2020	Responsible for the overall strategy, business development and management of our Group
LI Minxin (李敏信)	50	Executive Director and Executive Vice President	December 2013	February 2020	Responsible for the overall strategy, legal and business development of our Group
ZHANG Saiyin (張賽音)	42	Executive Director, Chief Financial Officer and Executive Vice President	July 2017	February 2020	Responsible for the overall strategy, the accounting, internal controls functions, and the capital markets activities of our Group
DOU Na (竇娜)	37	Executive Vice President	December 2013	February 2020	Responsible for product design and development of our Group

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Name	Age	Position	Date of joining our Group	Date of appointment as an executive officer	Roles and responsibilities
YANG Yunyun (楊雲雲)	45	Vice President	December 2013	February 2020	Responsible for risk management of our Group

**Mr. YE Guofu (葉國富)**, aged 44, is our executive Director, chairman of the Board and the chief executive officer. For further details, please see the paragraphs headed “– Executive Directors” in this section.

**Mr. LI Minxin (李敏信)**, aged 50, is our executive Director and executive vice president. For further details, please see the paragraphs headed “– Executive Directors” in this section.

**Mr. ZHANG Saiyin (張賽音)**, aged 42, is our executive Director, chief financial officer and executive vice president. For further details, please see the paragraphs headed “– Executive Directors” in this section.

**Ms. DOU Na (竇娜)**, aged 37, has served as an executive vice president of our Company since February 2020. Ms. Dou is responsible for product design and development of our Group.

Ms. Dou served as an executive vice president of Miniso Corporation from September 2009 to August 2018 in charge of product design and development. After Miniso Guangzhou was established, Ms. Dou has served as an executive vice president of Miniso Guangzhou in charge of product development since August 2018 and as a director of Miniso Guangzhou from December 2018 to March 2020.

Ms. Dou received her specialist degree in clinical medicine from Wuhan University in China in July 2004 and her bachelor’s degree in product design from Jiangnan University in China in July 2021.

**Ms. YANG Yunyun (楊雲雲)**, aged 45, has served as a vice president of our Company since February 2020. Ms. Yang is responsible for the risk management of our Group.

Ms. Yang has been serving as a director of Miniso Corporation since August 2009 and served as an executive vice president of the risk management center of Miniso Corporation from September 2009 to August 2018. After Miniso Guangzhou was established, Ms. Yang has served as an executive vice president of Miniso Guangzhou in charge of risk management since August 2018 and as a director of Miniso Guangzhou from December 2018 to March 2020.

Ms. Yang completed a specialist online course on mental health education at Beijing Normal University in July 2020.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### COMPANY SECRETARIES

**Mr. ZHANG Jingjing (張靖京)** has been appointed as a joint company secretary with effect from the Listing Date. Mr. Zhang currently serves as our director of capital markets and his responsibilities mainly cover investor relations, corporate strategy and investment. Mr. Zhang has over 10 years of experience in capital markets. Before joining us, he served in various roles in investor relations area at several TMT companies in China, including Qutoutiao Inc. (NASDAQ: QTT) and Weibo Corp. (NASDAQ: WB). Mr. Zhang received his dual bachelor degrees in World History and Business Administration from Nankai University in June 2011 and is currently an MBA candidate of the finance executive program at China Europe International Business School. Mr. Zhang is a Chartered Financial Analyst and a non-practicing member of the Chinese Institute of Certified Public Accountants.

**Ms. WONG Hoi Ting (黃凱婷)** has been appointed as a joint company secretary with effect from the Listing Date. Ms. Wong is an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has over 8 years of experience in the corporate secretarial field. Ms. Wong is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Wong holds a bachelor of social sciences from Lingnan University in Hong Kong in October 2009 and a master of science in professional accounting and corporate governance from City University of Hong Kong in Hong Kong in July 2014.

### CORPORATE GOVERNANCE

#### Audit Committee

Our audit committee is in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, except for the terms of reference required by paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. However, the charter of our audit committee complies with the rules of NYSE and the rules of the SEC. The primary duties of the Company's audit committee are, among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions for potential conflict of interest situations and approving all such transactions. The audit committee comprises three independent non-executive Directors, namely Ms. XU Lili, Mr. ZHU Yonghua and Mr. WANG Yongping. Ms. Xu, being the chairwoman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

#### Compensation Committee

Our compensation committee is in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, except for the terms of reference required by paragraph B.1.2 of the Corporate Governance Code. However, the

---

## DIRECTORS AND SENIOR MANAGEMENT

---

charter of our compensation committee complies with the rules of NYSE. The primary duties of the compensation committee are to review and make recommendations to the Board of Directors with respect to director compensation, evaluate the performance of our chief executive officer and chief financial officer and review and make recommendations to the Board regarding the terms of their compensation, and review and approve the compensation of our other executive officers and senior management. The compensation committee comprises Mr. ZHU Yonghua, Ms. XU Lili, Mr. WANG Yongping and Mr. YE Guofu. Mr. Zhu is the chairman of the committee.

### **Nominating and Corporate Governance Committee**

Our nominating and corporate governance committee complies with the requirements in respect of nomination committees in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

The primary duties of the nominating and corporate governance committee are, among other things:

- (a) in respect of its nomination functions, to develop and recommend to the Board criteria for board and committee membership, recommend to the Board the persons to be nominated for election as Directors and to each of the Board's committees, and develop and recommend to the Board a set of corporate governance guidelines; and
- (b) in respect of its corporate governance functions, to ensure that our Company is operated and managed for the benefit of all shareholders and to ensure our Company's compliance with the Listing Rules and safeguards relating to the weighted voting rights structures of our Company.

The nominating and corporate governance committee comprises Mr. WANG Yongping, Ms. XU Lili, Mr. ZHU Yonghua and Mr. YE Guofu. Mr. Wang is the chairman of the committee.

### **Corporate Governance Code**

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, save as disclosed below, we expect to comply with the Corporate Governance Code set out in Appendix 14 of the Listing Rules after the Listing.

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. YE Guofu currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer

---

## DIRECTORS AND SENIOR MANAGEMENT

---

in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to our Company's corporate governance measures, please see the section headed "Relationship with the Controlling Shareholders – Corporate Governance Measures."

### **Management Presence**

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are conducted in Mainland China, members of our senior management are, and are expected to continue to be, based in Mainland China. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in Mainland China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers and Exemptions – Management Presence in Hong Kong."

### **Board Diversity**

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. In particular, our Company currently has one female Director, alongside five male Directors and will continue to work towards enhancing the gender diversity of the Board. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the nominating and corporate governance committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the nominating and corporate governance committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### DIRECTORS' REMUNERATION

Our Directors and senior management receive remuneration, including basic salaries, housing fund, allowances and benefits in kind, employer's contributions to a retirement benefit scheme, discretionary bonuses and share-based compensation expenses.

The aggregate amount of remuneration (including directors' fees, salaries, allowances and other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) for our Directors for the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021 was approximately RMB36.4 million, RMB85.1 million, RMB43.8 million and RMB5.1 million, respectively.

The aggregate amount of remuneration (including salaries, allowances and other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) for the five highest paid individuals who are not our Directors for the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021 was approximately RMB36.5 million, RMB92.6 million, RMB49.4 million and RMB2.4 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the fiscal years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021 by our Company to our Directors. No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

See paragraphs headed "Statutory and General Information – 2020 Share Incentive Plan" in Appendix V for details regarding the incentive plans for our Directors and the senior management.

### COMPLIANCE ADVISOR

We have appointed Haitong International Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.19 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

---

## DIRECTORS AND SENIOR MANAGEMENT

---

- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this document; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and end on the date on which our Company distributes to Shareholders 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.

### COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.



---

## FUTURE PLANS AND USE OF PROCEEDS

---

### FUTURE PLANS

See the section headed “Business—Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$801.5 million after deducting the estimated underwriting fees and the estimated offering expenses payable by us, assuming the Over-allotment Option is not exercised and based on the maximum Public Offer Price of HK\$22.10 per Share for both the Hong Kong Public Offering and the International Offering, or approximately HK\$931.6 million if the Over-allotment Option is exercised in full.

We plan to use the net proceeds of the Global Offering for the purposes and in the amounts set forth below:

- (a) **Approximately 25% (approximately HK\$200.4 million, assuming the Over-allotment Option is not exercised) is expected to be used for our store network expansion and upgrade in the next 36 to 48 months, including:**
- Approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade and expand our store network in China with a focus on deepening store network penetration in lower-tier cities. According to the Frost & Sullivan Report, the size of the branded variety retail market in China by aggregate GMV is expected to increase from RMB95.1 billion in 2021 to RMB189.5 billion in 2026. In particular, according to the same source, urbanization rate in China increased from 58.5% in 2017 to 64.7% in 2021 and is expected to further increase to 69.1% in 2026. Such increasing urbanization has engendered more employment opportunities and higher disposable income in lower-tier cities in China, pointing to huge market potential in these lower-tier cities that we aim to capture with our store expansion. In addition to any capital expenditure on supporting infrastructure, we expect to incur higher costs and expenses in connection with such store expansion, including but not limited to those related to the extra staff we will need to hire and train and the additional office space we may need to lease or purchase to support our expanding operation and store network in China. We also expect to incur additional costs and expenses for the renovation and upgrading of our store display and appearance. Specifically:

## FUTURE PLANS AND USE OF PROCEEDS

- A. We plan to expand our store network under the MINISO brand in China as follows, subject to market conditions, including the continuous impact of COVID-19 in China, and other factors beyond our control. Consistent with the current composition of MINISO stores in China, we expect that substantially all of these new stores will be operated under the MINISO Retail Partner model.

Estimated Timeframe	Estimated Total Number of New MINISO Stores <sup>(1)</sup>	Estimated Geographical Region Breakdown	
		Third-and-lower- tier cities	First-and-second- tier cities
By the end of 2022 <sup>(2)</sup>	Around 400	Around 280	Around 120
From 2023 to 2025 <sup>(2)</sup>	Around 400 each year	Majority of the 400 stores each year	Remaining portion of the 400 stores each year

*Notes:*

- (1) While we plan to invest in new TOP TOY stores as well, given the short history of the TOP TOY brand and the relatively small number of existing TOP TOY stores, there remains substantial uncertainty in our future plan with respect to new TOP TOY stores.
- (2) Based on the assumption that COVID-19 will be largely controlled and its negative impact will be limited in China from the second half of 2022 and going forward.

- B. In connection with the above store expansion plan for China, we plan to hire around 240 new employees in the next 36 to 48 months, 80% of whom are expected to be in operational function such as city managers, area managers and operational supporting staff. Among these employees, 10% or less are expected to assume management roles and the rest will be junior workers. We plan to add these jobs in the next 36 to 48 months.
- Approximately 15% (approximately HK\$120.2 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade and expand our store network in international markets. According to the Frost & Sullivan Report, the size of the global branded variety retail market by aggregate GMV is expected to increase from US\$41.9 billion in 2021 to US\$86.8 billion 2026. In strategic markets with large population and huge market potential such as North America, we typically expand our local store network by opening and operating new stores on our own as the first step, which requires us to incur higher capital expenditure, store operating expenses including leasing expense, and store staff related costs compared to our investment under the MINISO Retail Partner model or distributor model. In

## FUTURE PLANS AND USE OF PROCEEDS

addition, we plan to continuously enter into more countries and regions as we expand our store network internationally. We also expect to lease additional office space to support our expanding international operation and store network. Specifically:

- A. We plan to expand our store network under the MINISO brand in international markets as follows, subject to market conditions, including the continuous impact of COVID-19 globally, and other factors beyond our control. Consistent with the current composition of MINISO stores in international markets, we expect that the majority of the new stores will be operated under the distributor model and the rest directly operated or operated under the MINISO Retail Partner Model.

Estimated Timeframe	Estimated Total Number of New MINISO Stores	Estimated Geographical Region Breakdown			
		Asian Countries Excluding China	Americas	Europe	Other
By the end of 2022 <sup>(1)</sup>	Around 350	Around 130	Around 100	Around 70	Around 50
From 2023 to 2025 <sup>(1)</sup>	Around 500 each year	Around 150	Around 150	Around 100	Around 100

*Note:*

- (1) Based on the assumption that COVID-19 will be largely controlled and its negative impact will be limited in most parts of the world.

- B. In connection with the above store expansion plan for international markets, we plan to hire around 160 new employees in the next 36 to 48 months, 80% of whom are expected to be in operational function such as area managers and operational supporting staff. We plan to add these jobs in the next 36 to 48 months. The composition of management roles and junior workers among the new hires is expected to be similar to that for China.
- C. Key types of expenses to be incurred for setting up a directly-operated new MINISO store in international markets include capital expenditures such as store renovation, purchase of equipment, furniture and shelves, inventory and pre-opening expense such as marketing, utilities and staff salary. However, due to the different economic conditions and cost levels in different countries and areas, the amount of such expenses and breakeven periods vary significantly among countries and areas.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

**(b) Approximately 20% (approximately HK\$160.3 million, assuming the Over-allotment Option is not exercised) is expected to be used for supply chain improvement and product development in the next 24 to 36 months, including:**

- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade and expand our warehouse and logistics network in both China and overseas markets to meet the needs of our expanding business operation.
- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to improve our local sourcing capabilities in overseas markets. We have been exploring potential collaboration with qualified suppliers in international markets in order to leverage local manufacturing capabilities and lower procurement costs. For example, we have been increasing direct sourcing in India and as of the date of this document, approximately 30% of the procurement for Indian stores is sourced locally.
- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to develop and/or acquire new IPs, which would make us incur higher licensing fees and additional expenses associated with cooperating with independent design artists for IP co-development purposes. We have developed an approach to collaborate with highly popular IP licensors to create co-branded products that has proven successful, increasing our number of IPs from 17 as of June 30, 2020 to 75 as of December 31, 2021. Going forward, we plan to continue to take this approach and enhance our collaboration with IP licensors to further expand our IP portfolio.
- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to expand our designer network. We plan to expand our designer network by (i) hiring approximately 20 additional in-house designers in the next 24 to 36 months, about 40% of whom will be senior designers with more than five years of design experience and the rest junior designers, for whom we plan to offer competitive compensation and incentives; and (ii) further expanding our collaborations with independent designers, particularly international designers based in Europe and North America, to enhance our design resources and capabilities.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

(c) **Approximately 20% (approximately HK\$160.3 million, assuming the Over-allotment Option is not exercised) is expected to be used to strengthen our technology capabilities in the next 24 to 36 months, including:**

- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to further develop and enhance our own technology systems, modules, and other applications for our operation in China, including our inventory replenishment and sales prediction modules, our data analytics and algorithm capabilities, our server capacity and band width, our Weixin mini-programs, and our cybersecurity, so that we can better support the expanding user base of our technology systems, modules, and other applications and our expanding operation in China. We also expect to incur higher costs recruiting related IT professional staff to accomplish such technology development and enhancement. Below is our current plan of upgrading our systems and hardware for operation in China, which will be continually done from 2022 through 2024, with costs incurred each year.

### **System/Hardware**

<u>Upgrade</u>	<u>Estimated Cost</u>	<u>Estimated Timeframe</u>
Upgrade inventory replenishment algorithm	HK\$8.0 million	From 2022 through 2024
Upgrade data analytics module	HK\$8.0 million	From 2022 through 2024
Increase server capacity and band width of Weixin mini-programs	HK\$16.0 million	From 2022 through 2024
Others (including research and development staff costs)	HK\$8.0 million	From 2022 through 2024

- Approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to further develop and enhance our own technology systems, modules, and other applications for our international operations, so that we can better support the expanding user base of our technology systems, modules, and other applications and our expanding international operation. We also expect to incur higher costs recruiting related IT professional staff of approximately 30 in 2022 through 2024, more than 80% of whom will be junior IT staff with less than five years of experience, to accomplish such technology development and enhancement. Below is our current plan of upgrading our systems and hardware for operation in international markets, which will be continually done from 2022 through 2024, with costs incurred each year.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

<u>System/Hardware Upgrade</u>	<u>Estimated Cost</u>	<u>Estimated Timeframe</u>
Enlarge servicing markets of MOS system	HK\$24.0 million	From 2022 through 2024
Update versions and iterations of EOS system	HK\$16.0 million	From 2022 through 2024
Enhance online quality control system	HK\$16.0 million	From 2022 through 2024
Recruit research and development staff to support system and hardware upgrade	HK\$24.0 million	From 2022 to 2023

- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to upgrade our core technology platform to improve our operational efficiency, including purchasing or licensing technologies or technology systems from third parties. We plan to upgrade our core technology platform by improving the stability of our technology systems and further integrating more aspects of our operation, such as supply chain management and financial management, under our SAP ERP system. Below is our current plan of upgrading our SAP ERP system, with two major upgrades to be completed in 2022 and 2024, respectively.

<u>System/Hardware Upgrade</u>	<u>Estimated Cost</u>	<u>Estimated Timeframe</u>
Upgrade SAP ERP system	HK\$40.1 million	HK\$20.1 million for the upgrade in 2022; HK\$20.0 million for the upgrade in 2024

- (d) Approximately 20% (approximately HK\$160.3 million, assuming the Over-allotment Option is not exercised) is expected to be used to continue to invest in brand promotion and incubation in the next 12 to 36 months, including:**

- Approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to further promote and develop our TOP TOY brand, including to invest in marketing campaigns and customer engagement activities across various online and offline channels, to further develop and improve the supply chain

---

## FUTURE PLANS AND USE OF PROCEEDS

---

for TOP TOY products, to explore alternative retail channels and to expand our online channels, and to increase the percentage of TOP TOY-brand and other self-developed products under the TOP TOY label in the near future.

- Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to invest in branding activities and upgrade our brand positioning for the MINISO brand, including to invest in marketing campaigns and customer engagement activities across various online and offline channels.
  - Approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) of the net proceeds is expected to be used to continue to incubate new brands in the future. We plan to continue to incubate new brands that: (1) meet underserved market demand; (2) are supplemental to our existing brands with extended consumer group or consumption demand; and (3) can leverage our existing supply chain for their rapid rollout and development.
- (e) **approximately 5% (approximately HK\$40.1 million, assuming the Over-allotment Option is not exercised) is expected to be used for capital expenditures, which may include, among others, acquisitions of, or investments in, businesses or assets that complement our business, although as of the Latest Practicable Date we had no commitments or agreements to enter into any acquisitions or investments.**
- We have identified the following criteria of potential acquisition targets: (i) the target should be based in China; (ii) its business should be complementary to ours in areas such as supply chain, logistics, IP incubation and operation, and product design; (iii) the acquisition should help us gain additional market share in either the branded variety retail market or the pop toy market; (iv) the target should have built reputable brands of its own and an offline presence; and (v) the target should have an annual revenue of no less than RMB20 million. According to the Frost & Sullivan Report, currently, there are around 100-150 potential targets in the braded variety retail market and around 100 in the pop toy market that meet the above criteria.
- (f) **approximately 10% (approximately HK\$80.1 million, assuming the Over-allotment Option is not exercised) is expected to be used for working capital and general corporate purposes.**

To the extent that the net proceeds we receive from the Global Offering are not immediately applied for the above purposes, we will invest the net proceeds in short-term deposits in licensed banks or authorised financial institutions so long as it is deemed to be in our best interests. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.



---

## UNDERWRITING

---

### HONG KONG UNDERWRITERS

Merrill Lynch (Asia Pacific) Limited

Haitong International Securities Company Limited

UBS AG Hong Kong Branch

Futu Securities International (Hong Kong) Limited

GF Securities (Hong Kong) Brokerage Limited

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. We expect the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the pricing of the Offer Shares is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 4,110,000 Hong Kong Offer Shares and the International Offering of initially 36,990,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, we are offering Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong at the Public Offer Price on the terms and subject to the conditions of this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein (including any additional Shares which may be made available pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe for or procure subscribers for

---

## UNDERWRITING

---

their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

### *Grounds for termination*

The Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall be entitled by notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events shall occur at any time prior to 8:00 a.m. on the Listing Date:

- (1) there shall develop, occur, exist or come into effect:
  - (a) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, large-scale outbreaks, escalation, aggravation of diseases (including, without limitation, COVID-19, SARS, swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms), economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, Canada, Indonesia, India, the United Kingdom, the European Union (or any member thereof), Japan or Singapore (collectively, the “**Relevant Jurisdictions**”);
  - (b) any change, or any development involving a prospective change, or any event or circumstance or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (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 Relevant Jurisdictions;

---

## UNDERWRITING

---

- (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, securities generally on the Stock Exchange, the NYSE, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
- (d) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange;
- (e) any general moratorium on commercial banking activities in or affecting any of the Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;
- (f) the enactment, publication, decree or other promulgation of any new law, statute, rule, order or regulation or any change or any development involving a prospective change in existing laws or regulations, or any event or circumstance or series of events likely to result in any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental or regulatory authority in or affecting any of the Relevant Jurisdictions;
- (g) any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, in any of the Relevant Jurisdictions or international financial, political or economic conditions or exchange controls;
- (h) the imposition of economic sanctions on any of the Relevant Jurisdictions applicable to the business operations of the Group;
- (i) other than with the prior written consent of the Joint Sponsors and the Joint Global Coordinators, the issue or requirement to issue by the Company of a supplemental or amendment to this prospectus, **GREEN** Application Form, or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (j) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change devaluation of the Hong Kong dollar, US dollar or Renminbi against any foreign currency, a change in the system under which the value of the Hong

---

## UNDERWRITING

---

Kong dollar is linked to that of the US dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions which materially adversely affect an investment in the Offer Shares;

- (k) any litigation, dispute, legal action, process for administrative sanctions, claim being threatened or instigated against any member the Group or any Directors;
- (l) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (m) the chairman, chief executive officer, chief financial officer, or any executive Director is vacating his or her office or is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company;
- (n) there is a final adjudication by any Authority of any investigation or action against any Director any member of the Group, or announcement by any Authority on such investigation or take any such action;
- (o) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity, to the extent that it will cause a material adverse impact to the Company's financial and business operations;
- (p) there is an order or petition for the wind-up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group;
- (q) any contravention by the Company, any member of the Group, any Directors of any applicable laws and regulations including the Listing Rules; or
- (r) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations,

---

## UNDERWRITING

---

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (A) has or will or is likely to have a material adverse effect;
  - (B) has or will have or is likely to have an adverse effect on the completion of the Global Offering;
  - (C) makes or will make or is likely to make it inadvisable or inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
  - (D) has or will have or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Joint Sponsors and the Joint Global Coordinators:
- (a) that any statement contained in any of Offering Documents, the Operative Documents, the Preliminary prospectus (as defined in the Hong Kong Underwriting Agreement), and/or any notices, announcements, advertisements, press release, communications, roadshow materials or other offering materials or documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Global Offering (including any supplement or amendment thereto, but excluding factual information solely relating to the Underwriters which consists of only the Underwriters' names, logos and addresses, (the "**Offer-Related Documents**")) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;
  - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;

---

## UNDERWRITING

---

- (c) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering;
- (d) there is a material breach of any of the obligations imposed upon the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
- (e) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement and International Underwriting Agreement, as applicable;
- (f) there is any material adverse effect;
- (g) there is a breach of, or any event or circumstance rendering untrue or incorrect, incomplete or misleading in any respect, any of the warranties given by our Company in either the Hong Kong Underwriting Agreement or the International Underwriting Agreement;
- (h) that approval by the Stock Exchange of the listing of, and permission to deal in, the (i) Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option); and (ii) the Shares to be issued pursuant to the 2020 Share Incentive Plan, on the Main Board of the Stock Exchange is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;
- (i) that our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;  
or
- (j) that any experts specified in this prospectus (other than the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears.

---

## UNDERWRITING

---

### *Undertakings to the Stock Exchange Pursuant to the Listing Rules*

#### *(A) Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange, that within six months from the Listing Date no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) shall be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except pursuant to the Global Offering, the Over-allotment Option and the Share Option Scheme or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

#### *(B) Undertakings by the Controlling Shareholders*

By virtue of Rule 10.07 of the Listing Rules, each of our Controlling Shareholders, has undertaken to the Stock Exchange and to our Company that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option and the Stock Borrowing Agreement), they will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

- (i) in the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus 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, interests or encumbrances in respect of, any of the securities of the Company in respect of which he/she/it is shown by this prospectus to be the beneficial owner(s); and
- (ii) in the period of six months immediately following the expiry of the period referred to in the above paragraph (a), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of the Company referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of our Company.

provided that the above shall not prevent them from using securities of the Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) for a bona fide commercial loan.



---

## UNDERWRITING

---

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure for their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

- (i) when he/she/it pledges or charges any securities of the Company beneficially owned by he/she/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of the securities of the Company so pledged or charged; and
- (ii) when he/she/it receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of our pledge or charged securities will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

### ***Undertakings Pursuant to the Hong Kong Underwriting Agreement***

#### ***(A) Undertakings by our Company***

Except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-allotment Option), and the issue of any Shares pursuant to the 2020 Share Incentive Plan as disclosed in this prospectus, 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**”), the Company hereby undertakes to each of the Hong Kong Underwriters, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Joint Sponsors not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules or pursuant to the exceptions set out in Rule 10.08 of the Listing Rules:

- (i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, 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 over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other equity securities of our Company, or any interests in any of the foregoing (including,

---

## UNDERWRITING

---

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 equity securities of our Company, or deposit any Shares or other equity securities of our Company, with a depository in connection with the issue of depository receipts; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of our Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period).

### *Indemnity*

We have agreed to indemnify, among others, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company of the Hong Kong Underwriting Agreement, as the case may be.

---

## UNDERWRITING

---

### **The International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, among others, the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering).

It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in “– Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings by our Controlling Shareholders” above.

#### ***Over-allotment Option***

The Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until August 5, 2022, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 6,165,000 additional Offer Shares, representing 15% of the number of Offer Shares initially being offered under the Global Offering, at the International Offer Price to solely cover over-allocations in the International Offering, if any.

#### **Commissions and Expenses**

The Hong Kong Underwriters will receive an underwriting commission equal to 3.5% of the aggregate offer price of Hong Kong Offer Share offered under the Hong Kong Public Offering in accordance with the terms and conditions of the Hong Kong Underwriting Agreement. The International Underwriters will receive an underwriting commission equal to 3.5% of the aggregate offer price of International Offer Share offered under the International Offering (including any Offer Shares to be issued pursuant to exercise of the Over-allotment Option). The Underwriters may receive a discretionary incentive fee of up to 1% of the aggregate offer price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

---

## UNDERWRITING

---

Assuming the Over-allotment Option is not exercised, and based on an offer price of HK\$22.10 per Offer Share for both Hong Kong Public Offering and International Offering, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$106.8 million, are payable and borne by our Company.

### JOINT SPONSORS' INDEPENDENCE

The Joint Sponsors satisfy the independence criteria applicable set out in Rule 3A.07 of the Listing Rules. For further details, please refer to the section headed “Statutory and general information – E. Other information – 3. Joint Sponsors” in Appendix V to this prospectus.

### UNDERWRITERS' INTERESTS IN OUR COMPANY

The Joint Global Coordinators and other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in the paragraph headed “Underwriting Arrangements and Expenses – Commissions and Expenses” in this section for further details.

Other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

### MINIMUM PUBLIC FLOAT

Our Directors and the Joint Global Coordinators will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

### ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

---

## UNDERWRITING

---

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 the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our 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 as their underlying assets, assets including our Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our Shares. All such activity 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 our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our 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 our Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the 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 our Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our Shares, and the extent to which this occurs from day to day cannot be estimated.

---

## UNDERWRITING

---

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) 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 stabilizing 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) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of their affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

- (a) the Hong Kong Public Offering of initially 4,110,000 Offer Shares (subject to reallocation) in Hong Kong as described in the paragraph headed “– The Hong Kong Public Offering” in this section; and
- (b) the International Offering of an aggregate of initially 36,990,000 Offer Shares (subject to reallocation and the Over-allotment Option) pursuant to the registration statement on Form F-3ASR that was filed with the SEC on March 31, 2022, including the preliminary prospectus supplement dated June 29, 2022 and the final prospectus supplement to be filed with SEC on or about July 6, 2022.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for the International Offering Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 3.2% of the enlarged issued share capital of the Company immediately after 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 3.7% of the enlarged issued share capital of the Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option.

References in this prospectus to applications, **GREEN** Application Form, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Shares Initially Offered

We are initially offering 4,110,000 Hong Kong Offer Shares at the Public Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering, at the Public Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.3% of our Company’s enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.



---

## STRUCTURE OF THE GLOBAL OFFERING

---

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and 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.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “– Conditions of the Global Offering” in this section.

### **Allocation**

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely 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. Such allocation 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 those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided equally into two pools: pool A and pool B with any odd board lots being allocated to Pool A. The Hong Kong 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 price of HK\$5 million (excluding the brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy payable) or less. The Hong Kong 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 price of more than HK\$5 million (excluding the brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy payable) and up to the total value of pool B.

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Public 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. Multiple or suspected multiple applications and any application for more than 2,055,000 Hong Kong Offer Shares will be rejected.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering under certain circumstances.

The initial allocation of Offer Shares under the Hong Kong Public Offering shall not be less than 10.0% of the Global Offering. In the event of full or over-subscription in both the Hong Kong Public Offering and the International Offering, the Joint Global Coordinators shall apply a clawback mechanism following the closing of application lists on the following basis:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Joint Global Coordinators, in their absolute discretion, may (but shall not be obliged to) reallocate up to 4,110,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 8,220,000 Offer Shares, representing 20.0% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 12,330,000 Shares, representing approximately 30% of Offer Shares initially available under the Global Offering.
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 16,440,000 Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 20,550,000 Shares, representing approximately 50% of Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In the event of under-subscription in the International Offering but full or over-subscription in the Hong Kong Public Offering irrespective of the number of times, the Joint Global Coordinators, in their absolute discretion, may (but shall not be obliged to) reallocate up to 4,110,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be up to 8,220,000 Offer Shares, representing 20.0% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

### **Applications**

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offering Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offering Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, HK\$22.10 per Offer Share in addition to the brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy payable on each Offer Share, equal to a total of HK\$4,464.55 for one board lot of 200 Shares. If the Public Offer Price, as finally determined in the manner described in the paragraph headed “– Pricing and Allocation” in this section, is less than the maximum price of HK\$22.10 per Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC

---

## STRUCTURE OF THE GLOBAL OFFERING

---

transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

### THE INTERNATIONAL OFFERING

#### Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 36,990,000 Shares (subject to reallocation and the Over-allotment Option), representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering.

Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 2.9% of our Company’s enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

#### Allocation

The International Offering includes the U.S. offering of the Offer Shares in the United States as well as the non-U.S. offering to institutional and professional investors and other investors in jurisdictions outside the United States. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “– Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Global Coordinators (for themselves and 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 Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### **Reallocation**

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed “– The Hong Kong Public Offering – Allocation” in this section, the exercise of the Over-allotment Option in whole or in part described in the paragraph headed “– Over-allotment Option” in this section, and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators.

### **OVER-ALLOTMENT OPTION**

In connection with the Global Offering, it is expected that our Company will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 6,165,000 Shares, representing approximately 15.0% of the maximum number of Offer Shares initially available under the Global Offering, at the International Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offering Shares to be issued pursuant thereto will represent approximately 0.5% of our Company’s enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

### **STABILIZING ACTION**

Stabilization action is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited. The price at which stabilization is effected is not permitted to exceed the Public Offer Price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no

---

## STRUCTURE OF THE GLOBAL OFFERING

---

obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, include (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing 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 Stabilizing Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing 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 stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on August 5, 2022, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing 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 Public Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Public Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

---

## **STRUCTURE OF THE GLOBAL OFFERING**

---

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilization period.

In addition, stabilization transactions with respect to the ADSs may be effected by one of the Underwriters or its affiliates before and after the listing of the Shares on the Stock Exchange in accordance with applicable laws and regulations.

Following any over-allocation of Offer Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting on their behalf may cover such over-allocation by using Shares purchased by Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means.

### **STOCK BORROWING AGREEMENT**

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 6,165,000 Shares, representing approximately 15% of the Offer Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from LMX MC Limited, pursuant to the Stock Borrowing Agreement which is expected to be entered into between the Stabilizing Manager and LMX MC Limited on or before the Price Determination Date.

The same number of Offer Shares so borrowed must be returned to LMX MC Limited 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.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to LMX MC Limited by the Stabilizing Manager or its agent in relation to such stock borrowing arrangement.

### **PRICING AND ALLOCATION**

#### **Determining the Offer Price**

The pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determination on the Price Determination Date, which is expected to be on or about Wednesday, July 6, 2022 and, in any event, no later than Thursday, July 7, 2022, by agreement with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.



---

## STRUCTURE OF THE GLOBAL OFFERING

---

We will determine the Public Offer Price by reference to, among other factors, the closing price of the ADSs on the NYSE on the last trading day on or before the Price Determination Date, and the Public Offer Price will not be more than HK\$22.10 per Hong Kong Offer Share. The historical prices of the ADSs and trading volume on NYSE are set out below.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>ADTV</b>
	<i>(US\$)</i>	<i>(US\$)</i>	<i>(ADSs)<sup>(1)</sup></i>
From October 15, 2020 to June 30, 2021	34.77	18.02	1,017,510
From July 1, 2021 to the Latest Practicable Date	20.04	5.17	622,442

*Notes:*

- (1) Average daily trading volume (“ADTV”) represents daily average number of the ADSs traded over the relevant period.

Applicants under the Hong Kong Public Offering must pay, on application, the maximum Public Offer Price of HK\$22.10 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%, amounting to a total of HK\$4,464.55 for one board lot of 200 Shares.

The International Offer Price may be set at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the NYSE on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this prospectus and/or (b) we believe that it is in the best interest of the Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the bookbuilding process.

If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will the Public Offer Price be set above the maximum Public Offer Price as stated in this prospectus or the International Offer Price.

The International Underwriters will be soliciting from prospective investors’ indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of 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, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered below as stated in this prospectus at any time on or 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, cause to be published on the websites of the Company and the Hong Kong Stock Exchange at [ir.miniso.com](http://ir.miniso.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, notice of the reduction. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering, extend the period under which the Hong Kong Public Offering is opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions. Upon the issue of such a notice, the revised number of Offer Shares will be final. If the number of Offer Shares is so reduced, applicants under the Hong Kong Public Offering who have already submitted an application will need to positively confirm their applications and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced.

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares – 11. Publication of Results” in this prospectus.

### UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, for themselves and on behalf of the Underwriters, agreeing on the pricing of the Offer Shares.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed “Underwriting” in this prospectus.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be available pursuant to the exercise of the Over-allotment Option) and the Shares to be issued pursuant to the 2020 Share Incentive Plan, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (b) the pricing of the Offer Shares having been duly agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times as 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 which is 30 days after the date of this prospectus.

If, for any reason, the pricing of the Offer Shares is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Thursday, July 7, 2022, the Global Offering will not proceed and will lapse immediately.

The completion of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company and on the websites of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [ir.miniso.com](http://ir.miniso.com) on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong

---

## STRUCTURE OF THE GLOBAL OFFERING

---

Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence 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 – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” has not been exercised.

### **Application for Listing on the Stock Exchange**

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued under the exercise of the Over-allotment Option and the Shares to be issued pursuant to the 2020 Share Incentive Plan) on the Main Board of the Stock Exchange.

### **DEALING ARRANGEMENTS**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 13, 2022, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, July 13, 2022.

The Shares will be traded in board lots of 200 Shares each and the stock code of the Shares will be 9896.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

**We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.**

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at [ir.miniso.com](http://ir.miniso.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

#### 1. HOW TO APPLY

**We will not provide any printed application forms for use by the public.**

To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
  - (i) instructing 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; or

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will 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.

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.

The Company, the Joint Global Coordinators, 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

### Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;

If an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators may accept it at their discretion and on any conditions they think 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 and guidance letters issued by the Stock Exchange, or any relevant waivers that have been granted by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offering Shares or otherwise participate in the International Offering.

### Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- (a) have a valid Hong Kong identity card number; and
- (b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

### 3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, you:

- (i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the 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 of Association;
- (ii) **agree** to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Act and the Articles of Association;
- (iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;



---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (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 set out in this prospectus;
- (vi) **agree** that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors, any other parties involved in the Global Offering and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (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 the Company, our Hong Kong Share Registrar, the receiving bank(s), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering any personal data which we or any of them 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 the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisors nor any other parties involved in the Global Offering 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;
- (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, and construed in accordance with the laws of Hong Kong;
- (xii) **warrant** that the information you have provided is true and accurate;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (xiii) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xiv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the 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 as set out in section “– Personal Collection” of this prospectus to collect the share certificate(s) and/or refund cheque(s) in person;
- (xv) **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;
- (xvi) **understand** that the Company and the Joint Global Coordinators 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;
- (xvii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xviii) (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 by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant and 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).

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### 4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>
200	4,464.55	3,000	66,968.21	40,000	892,909.40	300,000	6,696,820.46
400	8,929.09	4,000	89,290.94	50,000	1,116,136.75	350,000	7,812,957.20
600	13,393.64	5,000	111,613.68	60,000	1,339,364.09	400,000	8,929,093.94
800	17,858.19	6,000	133,936.41	70,000	1,562,591.44	450,000	10,045,230.69
1,000	22,322.74	7,000	156,259.15	80,000	1,785,818.79	500,000	11,161,367.43
1,200	26,787.29	8,000	178,581.88	90,000	2,009,046.13	1,000,000	22,322,734.85
1,400	31,251.84	9,000	200,904.62	100,000	2,232,273.49	1,500,000	33,484,102.28
1,600	35,716.37	10,000	223,227.35	150,000	3,348,410.23	2,055,000 <sup>(1)</sup>	45,873,220.12
1,800	40,180.92	20,000	446,454.69	200,000	4,464,546.97		
2,000	44,645.47	30,000	669,682.04	250,000	5,580,683.72		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### 5. APPLYING THROUGH WHITE FORM eIPO SERVICE

#### General

Individuals who meet the criteria set out in the sub-section headed “– 2. Who Can Apply” in this 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](http://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 the Company. If you apply through the designated website, you authorize 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### **Time for Submitting Applications under the White Form eIPO**

You may submit your application to the **White Form eIPO** Service Provider at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, June 30, 2022 until 11:30 a.m. on Wednesday, July 6, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, July 6, 2022 or such later time under the “– 10. Effect of Bad Weather on the Opening and Closing of the Application Lists” in this section.

### ***No Multiple Applications***

If you apply by means of **White Form eIPO**, 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** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

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, the Company and all other parties involved in the preparation of this document 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.

### **Commitment to Sustainability**

The obvious advantage of **White Form eIPO** service is to save the use of paper 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 for each “MINISO Group Holding Limited” **White Form eIPO** application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support sustainability.

## **6. APPLYING THROUGH CCASS EIPO SERVICE**

### **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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong if you complete an input request.

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.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

### Applying through CCASS EIPO service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares (either indirectly through a **broker** or **custodian** or directly) and an application is made 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 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's 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;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (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 authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators 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;
- authorize the Company to place HKSCC Nominees' name on the 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 out in this prospectus and agree to be bound by them;
- confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors 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 this prospectus);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering;
- 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 fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), 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 the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) 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 the 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 the Company, for itself and for the benefit of each Shareholder (and so that the 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 (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and the Cayman Companies Act;
- agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the Laws of Hong Kong.

### Effect of Applying through CCASS EIPO service

By applying through **CCASS EIPO** service, 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 the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;



---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- instructed and authorized HKSCC to arrange payment of the maximum Public Offer Price, brokerage, SFC transaction levy, FRC 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 Public Offer Price is less than the maximum Public Offer Price per Offer Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

### Time for Inputting Electronic Application Instructions<sup>1</sup>

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

**Thursday, June 30, 2022 – 9:00 a.m. to 8:30 p.m.**  
**Monday, July 4, 2022 – 8:00 a.m. to 8:30 p.m.**  
**Tuesday, July 5, 2022 – 8:00 a.m. to 8:30 p.m.**  
**Wednesday, July 6, 2022 – 8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, June 30, 2022 until 12:00 noon on Wednesday, July 6, 2022 (24 hours daily, except on Wednesday, July 6, 2022, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, July 6, 2022, the last application day or such later time as described in “– 10. Effect of Bad Weather on the Opening and Closing of the Application Lists” in this section.

If you are instructing 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, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

---

<sup>1</sup> These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### **Personal Data**

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

### ***Personal Information Collection Statement***

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### ***Reasons for the collection of your personal data***

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

### ***Purposes***

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's Register of Members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

### *Transfer of personal data*

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

### *Retention of personal data*

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

### *Access to and correction of personal data*

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

## 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. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, 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 go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, July 6, 2022, the last day for applications.

---

## 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.

All of your applications will be rejected if more than one application through the **CCASS eIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied 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 behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

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).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Public Offer Price is HK\$22.10 per Hong Kong Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%. This means that for one board lot of 200 Hong Kong Offer Shares, you will pay HK\$4,464.55.

You must pay the maximum Public Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in “– 4. Minimum Application Amount and Permitted Numbers”.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Hong Kong Listing Rules), and the SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy and FRC transaction levy, collected by the Stock Exchange on behalf of the SFC and FRC respectively).

For further details on the pricing of the Offer Shares, see the section headed “Structure of the Global Offering – Pricing and Allocation” in this prospectus.

### 10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 6, 2022. 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If the application lists do not open and close on Wednesday, July 6, 2022 or if there is/are a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made on our website at [ir.miniso.com](http://ir.miniso.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

### 11. PUBLICATION OF RESULTS

The Company expects to announce the pricing of the Offer Share, 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 Tuesday, July 12, 2022 on the Company’s website at [ir.miniso.com](http://ir.miniso.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://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 the Company’s website at [ir.miniso.com](http://ir.miniso.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Tuesday, July 12, 2022;
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8 a.m. on Tuesday, July 12, 2022 to 12:00 midnight on Monday, July 18, 2022; and
- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, July 12, 2022 to Friday, July 15, 2022.

If the 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 “The Structure of the Global Offering” in this prospectus.

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.



---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG 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 applying through the **CCASS EIPO** service or through the **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 fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- (a) 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 on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or
- (b) 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Global Coordinators, 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.

**(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 Stock Exchange notifies the 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 Offering Shares;
- 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 at [www.eipo.com.hk](http://www.eipo.com.hk);
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believes that by accepting your application, it or they 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Public Offer Price as finally determined is less than the maximum Public Offer Price per Offer Share (excluding brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “The Structure 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, the Stock Exchange trading fee and FRC transaction levy, will be refunded, without interest.

Any refund of your application monies will be made on or before Tuesday, July 12, 2022.

### 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 through the CCASS EIPO service 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.

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 Tuesday, July 12, 2022. 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. Wednesday, July 13, 2022, provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” 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 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 any refund cheque(s) and/or Share Certificate(s) (where applicable) from 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 Tuesday, July 12, 2022, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If you do not collect your Share certificate(s) and/or refund cheques (where applicable) 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, Share certificate(s) and/or refund cheques (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, July 12, 2022 by ordinary post at your own risk.

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.

*(ii) If you apply through CCASS EIPO service*

*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 Tuesday, July 12, 2022, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 "11. Publication of Results" above on Tuesday, July 12, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, July 12, 2022 or such other date as determined by HKSCC or HKSCC Nominees.
- 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- 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 Tuesday, July 12, 2022. 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 Public Offer Price and the maximum Public Offer Price per Public Offer Share initially paid on application (including brokerage, SFC transaction levy, FRC 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 Tuesday, July 12, 2022.

### 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 settlement 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 advisor 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 the text of a report set out on pages IA-1 to IA-126, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MINISO GROUP HOLDING LIMITED, MERRILL LYNCH (ASIA PACIFIC) LIMITED, HAITONG INTERNATIONAL CAPITAL LIMITED AND UBS SECURITIES HONG KONG LIMITED**

**Introduction**

We report on the historical financial information of MINISO Group Holding Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-4 to IA-126, which comprises the consolidated statements of financial position of the Group as at June 30, 2019, 2020 and 2021 and December 31, 2021, the statements of financial position of the Company as at June 30, 2020 and 2021 and December 31, 2021 and the consolidated statements of profit or loss, 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 years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2021 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-4 to IA-126 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2022 (the "Prospectus") in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for 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 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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 1 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 purpose of the accountants’ report, a true and fair view of the Group’s financial position as at June 30, 2019, 2020 and 2021 and December 31, 2021, the Company’s financial position as at June 30, 2020 and 2021 and December 31, 2021 and of the Group’s financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### **Review of stub period corresponding financial information**

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, 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 December 31, 2020 and other explanatory information (the “Stub Period Corresponding Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page IA-4 have been made.

*Dividends*

We refer to Note 31(e) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

June 30, 2022

**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 by the directors of the Company based on previously issued consolidated financial statements of the Group as of and for the years ended June 30, 2019, 2020 and 2021 audited by KPMG Huazhen LLP in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") relating to the financial statements, and the unaudited condensed financial information of the Group for the six months ended December 31, 2021 (collectively referred as the "Historical Financial Statements"), after making additional disclosures for the purpose of this report.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
*(Expressed in thousands of Renminbi, except for per share data)*

	Note	For the year ended June 30,			For the six months ended	
					December 31,	
		2019	2020	2021	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
<b>Continuing operations</b>						
Revenue	6	9,394,911	8,978,986	9,071,659	4,369,860	5,426,908
Cost of sales	8	(6,883,931)	(6,246,488)	(6,640,973)	(3,204,716)	(3,835,566)
<b>Gross profit</b>		2,510,980	2,732,498	2,430,686	1,165,144	1,591,342
Other income	7	10,468	37,208	52,140	43,804	18,586
Selling and distribution expenses	8	(818,318)	(1,190,477)	(1,206,782)	(627,492)	(725,622)
General and administrative expenses	8	(593,205)	(796,435)	(810,829)	(441,163)	(432,696)
Other net income/(loss)	9	24,423	45,997	(40,407)	(70,755)	45,964
Credit loss on trade and other receivables		(90,124)	(25,366)	(20,832)	(17,387)	(19,091)
Impairment loss on non-current assets		(27,542)	(36,844)	(2,941)	–	(9,536)
<b>Operating profit</b>		1,016,682	766,581	401,035	52,151	468,947
Finance income		7,311	25,608	40,433	23,044	26,437
Finance costs		(25,209)	(31,338)	(28,362)	(13,860)	(17,266)
Net finance (costs)/income	10	(17,898)	(5,730)	12,071	9,184	9,171
Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	30	(709,780)	(680,033)	(1,625,287)	(1,625,287)	–
Share of loss of an equity-accounted investee, net of tax		–	–	(4,011)	–	(8,162)
<b>Profit/(loss) before taxation</b>		289,004	80,818	(1,216,192)	(1,563,952)	469,956
Income tax expense	11	(279,583)	(210,949)	(213,255)	(91,615)	(131,338)
<b>Profit/(loss) for the year/period from continuing operations</b>		9,421	(130,131)	(1,429,447)	(1,655,567)	338,618
<b>Discontinued operations</b>						
Loss for the year/period from discontinued operations, net of tax	5	(303,830)	(130,045)	–	–	–
<b>(Loss)/profit for the year/period</b>		<u>(294,409)</u>	<u>(260,176)</u>	<u>(1,429,447)</u>	<u>(1,655,567)</u>	<u>338,618</u>

	Note	For the year ended June 30,			For the six months ended	
					December 31,	
		2019	2020	2021	2020	2021
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
					<i>(unaudited)</i>	
<b>Attributable to:</b>						
Equity shareholders of the Company		(290,647)	(262,267)	(1,415,010)	(1,651,857)	336,779
– Continuing operations		13,183	(132,222)	(1,415,010)	(1,651,857)	336,779
– Discontinued operations		(303,830)	(130,045)	–	–	–
Non-controlling interests		(3,762)	2,091	(14,437)	(3,710)	1,839
– Continuing operations		(3,762)	2,091	(14,437)	(3,710)	1,839
<b>(Loss)/profit for the year/period</b>		<u>(294,409)</u>	<u>(260,176)</u>	<u>(1,429,447)</u>	<u>(1,655,567)</u>	<u>338,618</u>
<b>(Loss)/earnings per share</b>						
Basic (loss)/earnings per share (RMB)	12	<u>(0.32)</u>	<u>(0.26)</u>	<u>(1.18)</u>	<u>(1.52)</u>	<u>0.28</u>
Diluted (loss)/earnings per share (RMB)	12	<u>(0.32)</u>	<u>(0.26)</u>	<u>(1.18)</u>	<u>(1.52)</u>	<u>0.28</u>
<b>Earnings/(loss) per share – Continuing operations</b>						
Basic earnings/(loss) per share (RMB)	12	<u>0.01</u>	<u>(0.12)</u>	<u>(1.18)</u>	<u>(1.52)</u>	<u>0.28</u>
Diluted earnings/(loss) per share (RMB)	12	<u>0.01</u>	<u>(0.12)</u>	<u>(1.18)</u>	<u>(1.52)</u>	<u>0.28</u>

The accompanying notes form part of the Historical Financial Information.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(Expressed in thousands of Renminbi)

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
<b>(Loss)/profit for the year/period</b>	<u>(294,409)</u>	<u>(260,176)</u>	<u>(1,429,447)</u>	<u>(1,655,567)</u>	<u>338,618</u>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	13 <u>(4,834)</u>	<u>6,361</u>	<u>(16,548)</u>	<u>(47,773)</u>	<u>9,177</u>
<b>Other comprehensive (loss)/income for the year/period</b>	<u>(4,834)</u>	<u>6,361</u>	<u>(16,548)</u>	<u>(47,773)</u>	<u>9,177</u>
<b>Total comprehensive (loss)/income for the year/period</b>	<u>(299,243)</u>	<u>(253,815)</u>	<u>(1,445,995)</u>	<u>(1,703,340)</u>	<u>347,795</u>
<b>Attributable to:</b>					
Equity shareholders of the Company	(296,062)	(256,583)	(1,429,621)	(1,698,955)	345,545
– Continuing operations	10,531	(129,026)	(1,429,621)	(1,698,955)	345,545
– Discontinued operations	(306,593)	(127,557)	–	–	–
Non-controlling interests	(3,181)	2,768	(16,374)	(4,385)	2,250
– Continuing operations	(3,181)	2,768	(16,374)	(4,385)	2,250
<b>Total comprehensive (loss)/income for the year/period</b>	<u>(299,243)</u>	<u>(253,815)</u>	<u>(1,445,995)</u>	<u>(1,703,340)</u>	<u>347,795</u>

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Renminbi)

	Note	As at June 30,			As at
		2019	2020	2021	December 31,
		RMB'000	RMB'000	RMB'000	2021
				RMB'000	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	115,845	88,062	76,316	376,021
Right-of-use assets	15	460,868	502,867	689,887	2,391,803
Intangible assets	16	49,876	69,091	61,005	53,319
Goodwill	17	–	–	19,640	19,640
Deferred tax assets	11(d)	87,807	183,520	168,552	161,018
Prepayments	18	–	6,112	138,481	203,390
Interest in an equity-accounted investee	19	–	–	352,062	–
		<u>714,396</u>	<u>849,652</u>	<u>1,505,943</u>	<u>3,205,191</u>
<b>Current assets</b>					
Other investments	20	356,265	–	102,968	208,289
Inventories	21	1,308,957	1,395,674	1,496,061	1,360,994
Trade and other receivables	22	830,751	729,889	824,725	1,113,506
Cash and cash equivalents	23	1,546,280	2,853,980	6,771,653	5,151,456
Restricted cash	24	8,917	7,056	3,680	7,347
		<u>4,051,170</u>	<u>4,986,599</u>	<u>9,199,087</u>	<u>7,841,592</u>
Assets held for sale	5	460,549	–	–	–
		<u>4,511,719</u>	<u>4,986,599</u>	<u>9,199,087</u>	<u>7,841,592</u>
<b>Total assets</b>		<u><u>5,226,115</u></u>	<u><u>5,836,251</u></u>	<u><u>10,705,030</u></u>	<u><u>11,046,783</u></u>
<b>EQUITY</b>					
Share capital	31(a)	–	69	92	92
Additional paid-in capital	31(a)	141,044	162,373	8,289,160	7,982,522
Other reserves	31(b)	259,923	625,984	928,005	999,697
Accumulated losses		<u>(525,756)</u>	<u>(1,125,055)</u>	<u>(2,558,291)</u>	<u>(2,245,972)</u>
<b>(Deficit)/equity attributable to equity shareholders of the Company</b>		<u>(124,789)</u>	<u>(336,629)</u>	<u>6,658,966</u>	<u>6,736,339</u>
<b>Non-controlling interests</b>		<u>10,815</u>	<u>13,583</u>	<u>(6,812)</u>	<u>(4,562)</u>
<b>Total (deficit)/equity</b>		<u><u>(113,974)</u></u>	<u><u>(323,046)</u></u>	<u><u>6,652,154</u></u>	<u><u>6,731,777</u></u>

	Note	As at June 30,			As at
		2019	2020	2021	December 31,
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2021</u>
				<u>RMB'000</u>	
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Contract liabilities	6	77,673	74,226	59,947	53,572
Loans and borrowings	26	5,310	15,207	6,925	6,369
Lease liabilities	28	309,833	378,894	483,144	411,304
Deferred income	29	–	–	20,005	16,729
Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	30	1,701,294	2,381,327	–	–
		<u>2,094,110</u>	<u>2,849,654</u>	<u>570,021</u>	<u>487,974</u>
<b>Current liabilities</b>					
Loans and borrowings	26	2,750	401,182	13,669	5,182
Trade and other payables	27	2,363,739	2,419,795	2,809,182	3,189,086
Contract liabilities	6	243,873	218,287	266,919	276,537
Lease liabilities	28	186,737	224,080	321,268	268,425
Deferred income	29	–	–	6,060	5,980
Current taxation		84,216	46,299	65,757	81,822
		<u>2,881,315</u>	<u>3,309,643</u>	<u>3,482,855</u>	<u>3,827,032</u>
Liabilities directly associated with the assets held for sale	5	364,664	–	–	–
		<u>3,245,979</u>	<u>3,309,643</u>	<u>3,482,855</u>	<u>3,827,032</u>
<b>Total liabilities</b>		<u>5,340,089</u>	<u>6,159,297</u>	<u>4,052,876</u>	<u>4,315,006</u>
<b>Total equity and liabilities</b>		<u>5,226,115</u>	<u>5,836,251</u>	<u>10,705,030</u>	<u>11,046,783</u>

The accompanying notes form part of the Historical Financial Information.



## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in thousands of Renminbi)

	Note	As at June 30,		As at
		2020	2021	December 31,
		RMB'000	RMB'000	2021
				RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Interest in an equity-accounted investee	19	–	352,062	–
Investments in subsidiaries				
– Cost-accounted investments in subsidiaries		–*	–*	2,034,450
– Amounts due from subsidiaries		988,252	3,887,724	2,349,220
		988,252	4,239,786	4,383,670
<b>Current assets</b>				
Other receivables		7,082	3,031	21,056
Cash and cash equivalents	23	153,889	925,638	402,937
		160,971	928,669	423,993
<b>Total assets</b>		<b>1,149,223</b>	<b>5,168,455</b>	<b>4,807,663</b>
<b>EQUITY</b>				
Share capital	31(a)	69	92	92
Additional paid-in capital	31(a)	162,373	8,289,160	7,982,522
Other reserves		(1,547,333)	(1,721,689)	(1,773,450)
Retained earnings/(accumulated losses)		152,787	(1,428,887)	(1,427,925)
<b>Total (deficit)/equity</b>		<b>(1,232,104)</b>	<b>5,138,676</b>	<b>4,781,239</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Redeemable shares with other preferential rights	30	2,381,327	–	–
Deferred income	29	–	20,005	16,729
		2,381,327	20,005	16,729
<b>Current liabilities</b>				
Other payables		–	3,714	3,715
Deferred income	29	–	6,060	5,980
		–	9,774	9,695
<b>Total liabilities</b>		<b>2,381,327</b>	<b>29,779</b>	<b>26,424</b>
<b>Total equity and liabilities</b>		<b>1,149,223</b>	<b>5,168,455</b>	<b>4,807,663</b>

\* The amount was less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Additional paid-in capital	Merger reserve	Treasury shares	Share-based payment reserve	Translation reserve	PRC statutory reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity/ (deficit)
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 31(a)	Note 31(a)	Note 31(b)(t)	Note 31(b)(v)	Note 31(b)(iii)	Note 31(b)(ii)	Note 31(b)(iv)				
<b>Balance at July 1, 2018</b>	-	370,272	-	-	-	(5,664)	52,141	146,336	563,085	1,528	564,613
<b>Changes in equity for the year ended June 30, 2019</b>	-	-	-	-	-	-	-	(290,647)	(290,647)	(3,762)	(294,409)
Loss for the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss)/income for the year	-	-	-	-	-	(5,415)	-	-	(5,415)	581	(4,834)
Total comprehensive loss for the year	-	-	-	-	-	(5,415)	-	(290,647)	(296,062)	(3,181)	(299,243)
Capital injection from shareholders	-	110,851	-	-	-	-	-	-	110,851	-	110,851
Consolidation of special purpose vehicles	-	8,694	-	(8,694)	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	(10,956)	-	-	-	-	-	(10,956)	6,687	(4,269)
Liabilities waived by shareholders	-	13,489	-	-	-	-	-	-	13,489	5,781	19,270
Business combination under common control	-	(262,262)	128,868	-	-	-	-	-	(133,394)	-	(133,394)
Deemed distribution	-	(100,000)	-	-	-	-	(37,387)	(356,473)	(493,860)	-	(493,860)
Equity settled share-based transactions	-	-	-	-	122,058	-	-	-	122,058	-	122,058
Appropriation to statutory reserve	-	-	-	-	-	-	24,972	(24,972)	-	-	-
<b>Balance at June 30, 2019</b>	-	141,044	117,912	(8,694)	122,058	(11,079)	39,726	(525,756)	(124,789)	10,815	(113,974)

The accompanying notes form part of the Historical Financial Information.

Attributable to equity shareholders of the Company											
	Share capital	Additional paid-in capital	Merger reserve	Treasury shares	Share-based payment reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total (deficit)/equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note	Note 31(a)	Note 31(a)	Note 31(b)(i)	Note 31(b)(v)	Note 31(b)(iii)	Note 31(b)(ii)	Note 31(b)(iv)				
	-	141,044	117,912	(8,694)	122,058	(11,079)	39,726	(525,756)	(124,789)	10,815	(113,974)
<b>Balance at July 1, 2019</b>											
<b>Changes in equity for the year ended June 30, 2020</b>											
Loss for the year	-	-	-	-	-	-	-	(262,267)	(262,267)	2,091	(260,176)
Other comprehensive income for the year	-	-	-	-	-	5,684	-	-	5,684	677	6,361
Total comprehensive (loss)/income for the year	-	-	-	-	-	5,684	-	(262,267)	(256,583)	2,768	(253,815)
Issuance of ordinary shares	69	10,630	-	-	-	-	-	-	10,699	-	10,699
Consolidation of special purpose vehicles	-	10,699	-	(10,699)	-	-	-	-	-	-	-
Equity settled share-based transactions	-	-	-	-	364,380	-	-	-	364,380	-	364,380
Dividend declared	-	-	-	-	-	-	-	(330,336)	(330,336)	-	(330,336)
Appropriation to statutory reserve	-	-	-	-	-	-	6,696	(6,696)	-	-	-
<b>Balance at June 30, 2020</b>	69	162,373	117,912	(19,393)	486,438	(5,395)	46,422	(1,125,055)	(336,629)	13,583	(323,046)

The accompanying notes form part of the Historical Financial Information.

Attributable to equity shareholders of the Company											
	Share capital	Additional paid-in capital	Merger reserve	Treasury shares	Share-based payment reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total (deficit)/equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Note</i>	<i>Note 31(a)</i>	<i>Note 31(a)</i>	<i>Note 31(b)(i)</i>	<i>Note 31(b)(v)</i>	<i>Note 31(b)(iii)</i>	<i>Note 31(b)(ii)</i>	<i>Note 31(b)(iv)</i>				
	69	162,373	117,912	(19,393)	486,438	(5,395)	46,422	(1,125,055)	(336,629)	13,583	(323,046)
<b>Balance at July 1, 2020</b>											
<b>Changes in equity for the year ended June 30, 2021</b>											
Loss for the year	-	-	-	-	-	-	-	(1,415,010)	(1,415,010)	(14,437)	(1,429,447)
Other comprehensive loss for the year	-	-	-	-	-	(14,611)	-	-	(14,611)	(1,937)	(16,548)
Total comprehensive loss for the year	-	-	-	-	-	(14,611)	-	(1,415,010)	(1,429,621)	(16,374)	(1,445,995)
Capital injection from shareholders	1	1,193	-	-	-	-	-	-	1,194	-	1,194
Consolidation of special purpose vehicles	-	973	-	(973)	-	-	-	-	-	-	-
Issuance of ordinary shares relating to initial public offering and exercise of the over-allotment option, net of underwriting commissions and other issuance costs	9	4,178,851	-	-	-	-	-	-	4,178,860	-	4,178,860
Release of ordinary shares from share award scheme	5	(18,065)	-	18,060	-	-	-	-	-	-	-
Conversion of Series A preferred shares into Class A ordinary shares	8	3,963,835	-	-	-	-	-	-	3,963,843	-	3,963,843
Equity settled share-based transactions	-	-	-	-	281,319	-	-	-	281,319	-	281,319
Appropriation to statutory reserve	-	-	-	-	-	-	18,226	(18,226)	-	-	-
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(4,021)	(4,021)
<b>Balance at June 30, 2021</b>	92	8,289,160	117,912	(2,306)	767,757	(20,006)	64,648	(2,558,291)	6,658,966	(6,812)	6,652,154

The accompanying notes form part of the Historical Financial Information.

Attributable to equity shareholders of the Company											
Note	Share capital RMB'000	Additional paid-in capital RMB'000	Merger reserve RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Translation reserve RMB'000	PRC statutory reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total (deficit) /equity RMB'000
	69	162,373	117,912	(19,393)	486,438	(5,395)	46,422	(1,125,055)	(336,629)	13,583	(323,046)
<b>Balance at July 1, 2020</b>											
<b>Changes in equity for the six months ended December 31, 2020 (unaudited)</b>											
Loss for the period	-	-	-	-	-	-	-	(1,651,857)	(1,651,857)	(3,710)	(1,655,567)
Other comprehensive loss for the period	-	-	-	-	-	(47,098)	-	-	(47,098)	(675)	(47,773)
Total comprehensive loss for the period	-	-	-	-	-	(47,098)	-	(1,651,857)	(1,698,955)	(4,385)	(1,703,340)
Capital injection from shareholders	1	1,193	-	-	-	-	-	-	1,194	-	1,194
Consolidation of special purpose vehicles	-	973	-	(973)	-	-	-	-	-	-	-
Issuance of ordinary shares relating to initial public offering and exercise of the over-allotment option, net of underwriting commissions and other issuance costs	9	4,178,851	-	-	-	-	-	-	4,178,860	-	4,178,860
Release of ordinary shares from share award scheme	5	(18,065)	-	18,060	-	-	-	-	-	-	-
Conversion of Series A preferred shares into Class A ordinary shares	8	3,963,835	-	-	-	-	-	-	3,963,843	-	3,963,843
Equity settled share-based transactions	-	-	-	-	216,377	-	-	-	216,377	-	216,377
Appropriation to statutory reserve	-	-	-	-	-	-	17,753	(17,753)	-	-	-
<b>Balance at December 31, 2020 (unaudited)</b>	92	8,289,160	117,912	(2,306)	702,815	(52,493)	64,175	(2,794,665)	6,324,690	9,198	6,333,888

The accompanying notes form part of the Historical Financial Information.

		Attributable to equity shareholders of the Company										
		Share capital	Additional paid-in capital	Merger reserve	Treasury shares	Share-based payment reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total (deficit)/equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 31(a)	92	8,289,160	117,912	(2,306)	767,757	(20,006)	64,648	(2,558,291)	6,658,966	(6,812)	6,652,154
<b>Balance at July 1, 2021</b>												
<b>Changes in equity for the six months ended December 31, 2021</b>												
Profit for the period		-	-	-	-	-	-	-	336,779	336,779	1,839	338,618
Other comprehensive income for the period		-	-	-	-	-	8,766	-	-	8,766	411	9,177
Total comprehensive income for the period		-	-	-	-	-	8,766	-	336,779	345,545	2,250	347,795
Dividend declared	31(e)	-	(306,255)	-	-	-	-	-	-	(306,255)	-	(306,255)
Exercise of options	31(a)(vi)	-	287	-	-	-	-	-	-	287	-	287
Release of ordinary shares from share award scheme	31(a)(vi)	-	(670)	-	670	-	-	-	-	-	-	-
Repurchase of shares	31(b)(v)	-	-	-	(12,604)	-	-	-	-	(12,604)	-	(12,604)
Equity settled share-based transactions	31(b)(iii)	-	-	-	-	50,400	-	-	-	50,400	-	50,400
Appropriation to statutory reserve	31(b)(iv)	-	-	-	-	-	-	24,460	(24,460)	-	-	-
<b>Balance at December 31, 2021</b>		<b>92</b>	<b>7,982,522</b>	<b>117,912</b>	<b>(14,240)</b>	<b>818,157</b>	<b>(11,240)</b>	<b>89,108</b>	<b>(2,245,972)</b>	<b>6,736,339</b>	<b>(4,562)</b>	<b>6,731,777</b>

\* The amount was less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of Renminbi)

	Note	For the year ended June 30,			For the six months ended December 31,	
		2019	2020	2021	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
<b>Cash flows from operating activities</b>						
Cash generated from operations	25(a)	1,660,644	1,236,985	1,111,031	892,872	840,842
Income tax paid		(299,987)	(342,438)	(194,711)	(86,449)	(109,101)
Cashflows from discontinued operations	5(c)	(322,186)	(68,063)	–	–	–
<b>Net cash from operating activities</b>		1,038,471	826,484	916,320	806,423	731,741
<b>Cash flows from investing activities</b>						
Payment for purchase of property, plant and equipment and intangible assets		(116,124)	(56,974)	(180,279)	(29,108)	(228,585)
Payment for acquisition of land use right		–	–	–	–	(891,428)
Proceeds from disposal of property, plant and equipment and intangible assets		–	–	4,323	3,324	–
Payment for purchase of other investments		(956,800)	(3,821,580)	(28,887,790)	(10,178,770)	(9,213,034)
Proceeds from disposal of other investments		602,000	4,176,380	28,787,790	10,078,770	9,113,034
Interest income		7,311	25,608	40,433	23,044	26,437
Investment income from other investments		1,348	26,387	66,837	14,965	40,446
Cash advances to a related party		(9,508)	(5,205)	–	–	–
Proceeds from repayment from related parties		–	–	14,713	14,713	–
Cash advances to the controlling shareholder		–	(101,462)	–	–	–
Proceeds from repayment from the controlling shareholder		269,934	297,105	–	–	–
Payments for investment in an equity-accounted investee		–	–	(356,000)	(355,927)	–
Acquisition of a subsidiary, net of cash acquired	33	–	–	(8,824)	–	(683,483)
Loans and borrowings provided to third parties		(13,151)	(212)	–	–	–
Proceeds from repayment of loans and borrowings to third parties		27,737	5,437	–	–	–
Cash disposed in connection with disposal of discontinued operations	5(d)	–	(75,552)	–	–	–
Cashflows from discontinued operations	5(c)	(23,662)	(7,117)	–	–	–
<b>Net cash (used in)/from investing activities</b>		(210,915)	462,815	(518,797)	(428,989)	(1,836,613)



	Note	For the year ended June 30,			For the six months ended December 31,	
		2019	2020	2021	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
<b>Cash flows from financing activities</b>						
Proceeds from the issue of paid-in capital subject to redemption and other preferential rights	25(b)	991,514	-	-	-	-
Proceeds from capital injection from shareholders, subscription of restricted shares and exercise of options		86,592	9,150	2,795	2,619	287
Proceeds from initial public offering and exercise of the over-allotment option, net of underwriting commissions and other issuance costs		-	-	4,178,860	4,178,860	-
Proceeds from loans and borrowings	25(b)	1,375	410,734	313	-	-
Repayment of loans and borrowings	25(b)	(14,795)	(2,889)	(416,588)	(400,267)	(503)
Repayment to the controlling shareholder		-	-	(11,946)	-	-
Payment for acquisition of non-controlling interest		-	(4,269)	-	-	-
Payments for acquisition of subsidiaries under common control	25(b)	(122,923)	(10,471)	-	-	-
Payment of capital element and interest element of lease liabilities	25(b)	(166,781)	(193,827)	(215,762)	(140,082)	(163,716)
Payments for repurchase of shares		-	-	-	-	(12,604)
Prepayment for repurchase of shares		-	-	-	-	(13,042)
Interest paid	25(b)	(1,383)	(6,266)	(1,488)	(1,488)	(881)
Dividends paid	31(e)	-	(330,336)	-	-	(306,255)
Cashflows from discontinued operations	5(c)	(153,741)	10,468	-	-	-
<b>Net cash from/(used in) financing activities</b>		<u>619,858</u>	<u>(117,706)</u>	<u>3,536,184</u>	<u>3,639,642</u>	<u>(496,714)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,447,414	1,171,593	3,933,707	4,017,076	(1,601,586)
<b>Cash and cash equivalents at the beginning of the year/period</b>		228,106	1,686,218	2,853,980	2,853,980	6,771,653
<b>Effect of movements in exchange rates on cash held</b>		<u>10,698</u>	<u>(3,831)</u>	<u>(16,034)</u>	<u>(30,582)</u>	<u>(18,611)</u>
<b>Cash and cash equivalents at the end of the year/period</b>	23	<u><u>1,686,218</u></u>	<u><u>2,853,980</u></u>	<u><u>6,771,653</u></u>	<u><u>6,840,474</u></u>	<u><u>5,151,456</u></u>

The accompanying notes form part of the Historical Financial Information.

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1 GENERAL INFORMATION AND BASIS OF PREPARATION****1.1 General information**

MINISO Group Holding Limited (the “Company”) was incorporated in the Cayman Islands on January 7, 2020, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company completed its initial public offering (“IPO”) on October 15, 2020 and the Company’s American Depositary Shares (“ADSs”) have been listed on the New York Stock Exchange since then. Each ADS of the Company represents four ordinary shares.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the retail and wholesale of lifestyle and pop toy products across the People’s Republic of China (the “PRC”) and other countries in Asia, America, and Europe, etc. The Company does not conduct any substantive operations of its own but conducts its primary business operations through its subsidiaries.

**1.2 Reorganization and basis of presentation**

As discussed in Note 1.1, the Group is engaged in the retail and wholesale of lifestyle products in the PRC (the “China Business”) and other countries in Asia, America, and Europe, etc. (the “Overseas Business”). The China Business together with the Overseas Business are referred to as the “Relevant Businesses”. To rationalize the corporate structure and in preparation for the Company’s IPO, the Group underwent a corporate reorganization (the “Reorganization”) to succeed all of the Relevant Businesses. Prior to the Reorganization, the Relevant Businesses were conducted through a number of entities as to which there was no single holding entity but were separately owned by entities directly or indirectly controlled by Mr. Ye Guofu and his spouse Ms. Yang Yunyun (the “Controlling Shareholders”).

The Reorganization principally involved the following steps:

**(a) Reorganization of the China Business**

The China Business was historically conducted through various entities, including MINISO Corporation (the “Predecessor Entity”), two subsidiaries of the Predecessor Entity, and some other entities (the “Other Entities”). These entities did not have a single holding entity but were separately owned by entities directly or indirectly controlled by the Controlling Shareholders.

- (i) On October 18, 2017, the Controlling Shareholders and Mr. Li Minxin (the “Founders”) established MINISO (Guangzhou) Co., Ltd. (“MINISO Guangzhou”), which later became one of the main operating subsidiaries and an investment holding entity of the Group in mainland China. MINISO Guangzhou established certain domestic subsidiaries subsequently.
- (ii) Starting from November 2017 through November 2018, the business which was originally conducted by the Predecessor Entity and the related assets and liabilities were gradually transferred to MINISO Guangzhou and its subsidiaries. During the same period, MINISO Guangzhou also acquired the two subsidiaries of the Predecessor Entity and 100% equity interests in the Other Entities.
- (iii) On December 1, 2018, the reorganization of the China Business had been completed and the remaining assets and liabilities of the Predecessor Entity upon the completion of the reorganization (see below) were treated as deemed distribution to the equity shareholders at historical cost basis and were not included in the Group’s Historical Financial Information since then.

	As of December 1, 2018
	<u>RMB'000</u>
<b>Assets</b>	
<b>Current assets</b>	
Amounts due from the controlling shareholder	501,799
Other receivables	9,392
<b>Non-current assets</b>	
Intangible assets	916
<b>Total assets</b>	<u>512,107</u>
<b>Liabilities</b>	
Other payables	12,950
Current taxation	5,297
<b>Total liabilities</b>	<u>18,247</u>
<b>Net assets distributed in connection with the Reorganization</b>	<u>493,860</u>

**(b) Reorganization of the Overseas Business**

The Overseas Business was historically conducted through certain overseas entities as to which there was no single holding entity but which were separately owned by entities directly or indirectly controlled by the Controlling Shareholders (together, the "Overseas Entities").

- (i) On January 23, 2018, MINISO Hong Kong Limited ("MINISO HK") was incorporated in Hong Kong as a wholly owned subsidiary of MINISO Guangzhou, which was mainly engaged in product sales to overseas distributors.
- (ii) During the period from July 2018 to December 2018, MINISO HK acquired the equity interests of the Overseas Entities at an aggregate consideration of approximately RMB133,394,000. Since then, MINISO HK became an intermediate holding company of the subsidiaries conducting the Overseas Business and MINISO Guangzhou became the ultimate holding company of the Group.

**(c) Establishment of offshore holding structure**

- (i) On January 7, 2020, the Company was incorporated in the Cayman Islands.
- (ii) On January 16, 2020 and January 26, 2020, MINISO Universal Holding Limited and MINISO Development Hong Kong Limited ("MINISO Development HK") were incorporated in the British Virgin Islands ("BVI") and Hong Kong, and were directly or indirectly owned by the Company.
- (iii) On March 18, 2020, MINISO Development HK acquired 100% of equity interests in MINISO Guangzhou and became an intermediate offshore holding company of the Group's operations in mainland China.

Upon completion of the above steps of Reorganization in March 2020, the Company became the holding company of the companies now comprising the Group. All companies now comprising the Group and the Predecessor Entity that took part in the Reorganization were under the common control by the Controlling Shareholders before and after the Reorganization. The control was not transitory and consequently, there was a continuation of the risks and benefits to the Controlling Shareholders. The Reorganization of the China Business and the Overseas Business was treated as business combination under common control. The establishment of offshore holding structure was treated as a recapitalization of the operating entity. The Historical Financial Information has been prepared in a manner similar to a pooling of interest as if the Relevant Businesses had been always operated by the companies now comprising the Group and the Reorganization had been completed at the beginning of the reporting periods. The assets and liabilities included in the Historical Financial Information were recognized and measured at the historical costs from the perspective of the Controlling Shareholders.

The consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the year ended June 30, 2019 included the results and operations of the Predecessor Entity and the companies now comprising the Group. The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the years ended June 30, 2020 and 2021 and the six months ended December 31, 2021 included the results and operations of the companies now comprising the Group. The consolidated statements of financial position as of June 30, 2019, 2020 and 2021 and December 31, 2021 included the financial position of the companies now comprising the Group.

Since the Company did not exist prior to June 30, 2019, the Company's consolidated results of operations for the year ended June 30, 2019 represent the continuation of the combined financial statements of the Predecessor Entity and the companies now comprising the Group.

**(d) Discontinued operations**

As part of the Reorganization, in May 2019, the board of directors approved a plan to dispose the NOME Business, Minihome Business, MINISO African Business and MINISO German Business within one year. These discontinued operations were disposed of during the period from December 2019 to April 2020. See Note 5 for details.

**1.3 Subsidiaries**

Set out below was a list of the Company's principal subsidiaries as at December 31, 2021:

<b>Company name</b>	<b>Date and place of incorporation/ establishment</b>	<b>Registered/ issued and paid-up capital</b>	<b>Group's effective interest (direct or indirect)</b>	<b>Principal activities</b>
MINISO Universal Holding Limited <i>(a)</i>	January 16, 2020 BVI	USD1.00/-	100%	Investment holding
MINISO Global Holding Limited <i>(a)</i>	January 16, 2020 BVI	USD1.00/-	100%	Investment holding
MINISO Development HK <i>(b)</i>	February 26, 2020 Hong Kong	HKD10,000/-	100%	Investment holding and wholesale of lifestyle products
MINISO Investment Hong Kong Limited <i>(b)</i>	November 13, 2017 Hong Kong	HKD80,100,000/ HKD80,100,000	100%	Investment holding

Company name	Date and place of incorporation/ establishment	Registered/ issued and paid-up capital	Group's effective interest (direct or indirect)	Principal activities
MINISO HK (b)	January 23, 2018 Hong Kong	HKD350,000,000/ HKD307,425,500	100%	Wholesale of lifestyle products
MINISO Guangzhou (a)(c)(d) 名創優品(廣州)有限責任公司	October 18, 2017 PRC	RMB146,862,372/ RMB139,693,019	100%	Wholesale and retail of lifestyle products
MINISO (Hengqin) Enterprise Management Co., Ltd. (a)(c)(d) 名創優品(橫琴)企業管理有限公司	December 12, 2017 PRC	RMB10,000,000/-	100%	Brand licensing
MINISO International (Guangzhou) Co., Ltd. (a)(c)(e) 名創優品國際(廣州)有限公司	May 16, 2017 PRC	RMB65,000,000/ RMB65,000,000	100%	Wholesale of lifestyle products
MINISO Youxuan Technology (Guangzhou) Co., Ltd. (a)(c)(d) 名創優選科技(廣州)有限公司	August 15, 2017 PRC	RMB10,000,000/ RMB5,000,000	100%	Online sales of lifestyle products
PT. MINISO Lifestyle Trading Indonesia (f)	January 11, 2017 Indonesia	IDR53,289,350,000/ IDR53,289,350,000	67%	Wholesale and retail of lifestyle products
MINISO Life Style Private Limited (g)	June 22, 2017 India	INR669,540,570/ INR669,540,570	100%	Wholesale and retail of lifestyle products
USA MINISO Depot Inc. (a)	August 12, 2016 United States	USD19,737,961/ USD19,737,961	100%	Wholesale and retail of lifestyle products
MIHK Management Inc. (a)	October 17, 2018 Canada	CAD100/CAD100	100%	Wholesale and retail of lifestyle products
TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (Formerly known as TOP TOY (Guangdong) Technology Co., Ltd.) (a)(c) 那是家大潮玩(廣東)文化創意有限公司	September 7, 2020 PRC	RMB5,000,000/-	100%	Wholesale and retail of pop toy products
Mingyou Industrial Investment (Guangzhou) Co., Ltd. (a)(c) 名優產業投資(廣州)有限公司	October 13, 2020 PRC	RMB2,300,000,000/ RMB2,084,013,300	100%	Development of headquarter building

*Notes:*

- (a) These entities were not subject to statutory audit requirement under the relevant rules and regulations in the jurisdiction of incorporation.
- (b) The statutory financial statements of these entities for the years ended December 31, 2018, 2019 and 2020 were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”). The statutory financial statements were audited by WWC Professional Corporation Limited. Since MINISO Development HK was incorporated in 2020, no statutory financial statements were issued for the years ended December 31, 2018 and 2019. As of the date of this report, the statutory financial statements of these entities for the year ended December 31, 2021 were not yet issued.
- (c) These entities were established in the PRC. The official names of these entities are in Chinese. The English names are for identification purpose only.
- (d) These entities voluntarily prepared their financial statements for the years ended December 31, 2018, 2019, 2020 and 2021 in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “PRC GAAP”). The financial statements were audited by Jonten Certified Public Accountants LLP Guangdong Branch (中天運會計師事務所(特殊普通合夥)廣東分所).
- (e) This entity voluntarily prepared its financial statements for the years ended December 31, 2018, 2019, 2020 and 2021 in accordance with the PRC GAAP. The financial statements were audited by Guangzhou Huaguang Certified Public Accountants (廣州華廣會計師事務所(普通合夥)).
- (f) The statutory financial statements of this entity for the years ended December 31, 2019 and 2020 were prepared in accordance with the Financial Accounting Standards in Indonesia, which include statements and interpretations issued by the Financial Accounting Standards Board established by the Indonesian Institute of Accountants which includes Statements and Interpretations issued by the Indonesian Financial Accounting Standards Board, Indonesian Institute of Accountants and were audited by Iwan Siswandi M.Ak. As of the date of this report, the statutory financial statements of this entity for the year ended December 31, 2021 were not yet issued.
- (g) The statutory financial statements of this entity for the years ended March 31, 2019, 2020 and 2021 were prepared in accordance with the applicable accounting principles in India, and the applicable accounting standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The statutory financial statements for the year ended March 31, 2019 were audited by Jain Kappor & Associates Chartered Accountants. The statutory financial statements for the years ended March 31, 2020 and 2021 were audited by Sharma Arun & Co. Chartered Accountants.

**2 SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

The Group has adopted June 30 as its financial year end date.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

Significant accounting policies adopted by the Group are disclosed below. The Group has consistently applied these accounting policies throughout the Relevant Periods presented in the Historical Financial Information, unless otherwise stated.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

**(b) Basis of measurement**

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments and paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are stated at their fair value as explained in Note 2(m), Note 2(o) and Note 2(p).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see Note 2(x)).

**(c) Changes in accounting policies**

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRSs that are effective for the annual accounting periods beginning on or after January 1, 2018, including IFRS 9, Financial Instruments and IFRS 15, Revenue from contracts with customers, consistently throughout the reporting periods. IFRS 16, Leases, was effective for the annual accounting periods beginning on or after January 1, 2019 and earlier application is permitted for entities that adopt IFRS 15 on or before the date of initial application of IFRS 16. IFRIC 23, Uncertainty over Income Tax Treatment was effective for the accounting period beginning on or after January 1, 2019 and earlier application is permitted. The Group has elected to early adopt IFRS 16 and IFRIC 23 which have been applied consistently throughout the Relevant Periods presented.

Amendment to IFRS 16, Leases, COVID-19-Related Rent Concessions (the "Amendment"), was effective for the accounting periods beginning on or after June 1, 2020 and earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020. The Group has elected to early adopt the Amendment and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year ended June 30, 2020. Consequently, rent concessions received have been accounted for as negative variable lease payments recognized in profit or loss in the year ended June 30, 2020 in which the event or condition that triggers those payments occurred. One of these conditions required the reduction in lease payments affect only payments originally due on or before a specified time limit of June 30, 2021. There is no impact on the opening balance of equity at July 1, 2019.

Amendment to IFRS 16, Leases, COVID-19-Related Rent Concessions beyond June 30, 2021 (the "2021 Amendment") extends the time limit of the above amendment from June 30, 2021 to June 30, 2022. The 2021 Amendment was effective for the accounting periods beginning on or after April 1, 2021 and earlier application is permitted. The Group has elected to early adopt the 2021 Amendment during the year ended June 30, 2021.

The Group has also applied the following amendments to IFRSs issued by the IASB to these financial statements that are first effective for the current accounting period of the Group during the year ended June 30, 2021:

- Amendments to *References to conceptual framework in IFRS standards*
- Amendments to IFRS 3, *Definition of a business*
- Amendments to IAS 1 and IAS 8, *Definition of material*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest rate benchmark reform*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – Phase 2*

The adoption of the above amendments to IFRSs did not have a material impact on the Historical Financial Information of the Group.

The new and revised IFRSs issued by the IASB which are not yet effective for the Relevant Periods are set out in Note 39.



**(d) Basis of consolidation****(i) *Subsidiaries and non-controlling interests***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are measured initially at their proportionate share of the subsidiary's net identifiable assets at the date of acquisition.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see Note 2(x)).

**(ii) *Interest in an equity-accounted investee***

The Group's interest in an equity-accounted investee comprises interest in an associate.

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the Historical Financial Information under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see Note 2(x)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 2(h)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(h)(i)).

In the Company's statement of financial position, investment in an associate is stated at cost less impairment losses (see Note 2(h)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see Note 2(x)).

**(iii) Goodwill**

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(h)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

**(iv) Business combinations**

Except for the business combinations under common control as stated below, the Group accounts of business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 2(d)(i)). In determining whether a particular set of activities and assets is a business, the Group assess whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset of group of similar identifiable assets.

*Business combinations involving entities under common control*

The Historical Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the Controlling Shareholders.

The assets and liabilities of the combining entities or businesses are consolidated at the carrying amounts previously recognized from the perspective of Controlling Shareholders.

The consolidated statements of profit or loss and profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Historical Financial Information are presented as if the entities or businesses had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is later.

Differences between the total consideration paid and the capital of the entities acquired under common control are presented as merger reserve.

**(v) Asset acquisition**

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

When acquiring assets by obtaining a controlling interest in a legal entity that does not constitute a business as a step acquisition, the previously held equity interest is included as part of the cost of the acquisition and is not remeasured.

**(e) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (see Note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

No depreciation is provided in respect of the construction in progress.

The estimated useful lives of property, plant and equipment are as follows:

Apartments	30 years
Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets
Office equipment	2 – 5 years
Store operating equipment	2 – 5 years
Motor vehicles	3 – 5 years
Moulds	1 – 2 year

Amortization methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted if appropriate.

**(f) Intangible assets**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and accumulated impairment losses (see Note 2(h)(ii)).

Amortization is calculated to write off the cost of intangible assets with finite useful lives using straight-line method over their estimated useful lives and is generally recognized in profit or loss. Their estimated useful lives of intangible assets are as follows:

Software	5 years
----------	---------

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

**(g) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

***As a lessee***

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily staff apartments with lease term of less than 12 months. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)). Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the unexpired lease term.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out

in paragraph 46B of IFRS 16. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets and presents lease liabilities separately in the consolidated statements of financial position.

**(h) Credit losses and impairment of assets**

*(i) Credit losses from financial instruments*

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, restricted cash, trade and other receivables).

Other investments – financial assets measured at fair value through profit or loss are not subject to the ECL assessment.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

*Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Basis of calculation of interest income*

Interest income recognized in accordance with Note 2(u)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e., the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

#### *Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### *(ii) Impairment of non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;

- right-of-use assets;
- intangible assets;
- goodwill;
- interest in an equity-accounted investee; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount of an asset.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the periods in which the reversals are recognized.

#### (i) Inventories

Inventories are finished goods which are held for sale, including the products placed at franchisees' stores, and low value consumables to be consumed in the ordinary course of business.

Inventories are carried at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value is recognized as an expense in the period the write-down occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Loss of inventories is recognized as an expense in the period the loss occurs. For the products placed at franchisees' stores, the Group bears inventory loss up to a pre-determined loss rate as agreed with franchisees. The Group requires compensations from franchisees for the inventory losses in excess of the pre-determined loss rate.



**(j) Contract liabilities**

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(u)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(k)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)).

**(k) Trade and other receivables**

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see Note 2(h)(i)).

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(h)(i).

**(m) Other investments**

Other investments are classified as measured at fair value through profit or loss (FVPL). Changes in the fair value of the investments are recognized in profit or loss.

**(n) Trade and other payables**

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(o) Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are recognized in equity as a deduction, net of tax, from the proceeds.

Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are classified as liabilities (see Note 2(p)).

**(p) Paid-in capital subject to redemption and other preferential rights/Redeemable shares with other preferential rights**

Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are redeemable at the request of the holders upon the occurrence of certain redemption events as agreed in the corresponding shareholders' agreement.

Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are classified as financial liabilities at fair value through profit or loss. Any transaction costs are recognized as finance costs in the consolidated statements of profit or loss.

Subsequent to initial recognition, the paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are carried at fair value with changes in fair value recognized in the consolidated statements of profit or loss.

**(q) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

**(r) Employee benefits**

*(i) Short term employee benefits*

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(ii) Contributions to defined contribution plans*

Pursuant to the relevant laws and regulations of the PRC, the Group's subsidiaries in mainland China participate in a defined contribution of basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. Contributions to the plan vest immediately. There are no forfeited contributions for the MPF Scheme as the contributions are fully vested to the employees upon payment to the scheme. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group participates in various defined contribution retirement benefit plans which are available to all other overseas subsidiaries. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred.

*(iii) Share-based payments*

The Group operates certain equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group.

The fair value of share awards granted to employees is recognized as an employee cost with a corresponding increase in the share-based payment reserve. The fair value is measured at grant date, taking into account the terms and conditions upon which the shares or share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares or share options, the total estimated fair value of the shares or share options is spread over the vesting period, taking into account the probability that the shares or share options will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to equity). For shares granted, the equity amount is transferred from share-based payment reserve to share premium.

If new equity instruments are granted to the employee and, on the date when those new equity instruments are granted, the entity identifies the new equity instruments granted as replacement equity instruments for the cancelled equity instruments, the entity shall account for the granting of replacement equity instruments in the same way as a modification of the original grant of equity instruments.

At the date the replacement awards are granted, the entity accounts for any incremental fair value in addition to the grant-date fair value of the original award. The incremental fair value is the difference between the fair value of the replacement award and the net fair value of the cancelled award, both measured at the date on which the replacement award is issued. The net fair value is the fair value of the cancelled award measured immediately before the cancellation, less any payment made to the employees on cancellation.

The Group recognizes the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. If the Group modifies the terms or conditions of the share awards granted without reducing the number of equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group nevertheless continues to recognize as a minimum the original grant date fair value of the equity instruments granted (unless those equity instruments are forfeited) as if that modification had not occurred.

*(iv) Termination benefits*

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

**(s) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Deferred tax is not recognized for:

- temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss); and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**(t) Provisions and contingent liabilities**

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(u) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of products and the provision of services.

Revenue is recognized when control over the product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled in exchange for the satisfaction of a specific performance obligation, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any sales rebates and sales return.

The Group allocates the transaction price expected to be received from franchisees or distributors to different performance obligations based on their relative standalone selling prices. In particular, the consideration in arrangements with franchisees and distributors includes sales-based amounts. Such sales-based amounts are excluded from the transaction price until the sales by franchisees have occurred and would be allocated entirely to the franchise/distributor license fees as they relate entirely to the Group's promise to provide franchisees/distributors access to the Group's brand name and trademarks.

The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effects of any significant financing component if the expected period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Sales of products*

*Retail sales in self-operated stores*

Revenue from retail sales to customers in self-operated stores is recognized at the point when the end customer takes possession of and pays for the products.

*Product sales to franchisees*

The Group has entered into a series of agreements with certain franchisees, primarily in the PRC and Indonesia, which mainly include a license agreement and a sales agreement (collectively "Franchise Agreements"), whereby the franchisees are licensed to operate the franchised stores and are authorized to sell, in their own retail stores, the products that they have purchased from the Group. Revenue from sales to these franchisees is recognized at the point when they obtain the legal title of the product and become obliged to pay for the products, which is when the franchisees sell the product to their customers in the franchisees' stores.

For product sales to franchisees, the Group has determined that the franchisees are the customers of the Group. The franchisees operate retail stores at their own chosen locations under the framework set out under the Franchise Agreements. At inception of the franchise arrangement, franchisees are required to place a deposit with the Group which covers the estimated maximum value of merchandise that their stores may hold throughout the franchise period, and this amount is reviewed upon renewal of the franchisee arrangement. The deposit is refundable at the expiry of the Franchise Agreement, provided that the franchisees have no remaining merchandise unsold and have settled other balances with the Group.

The franchisees employ and manage their own staff to operate the stores and serve their customers (i.e. end consumers who visit the stores), and bear the costs associated with the operation. The franchisees' retail stores generally carry a wide range of merchandise that they exercise discretion to select from the Group's array of product categories.

The franchisees are responsible for the placement, physical custody and condition of the merchandise that they have selected after the deliveries are accepted in stores. They also control the physical access to merchandise in possession through their operation of the retail stores. In general, the Group does not have any obligation or practice to accept any return of unsold products, except for rare cases such as a latent defect subject to a product recall or certain limited seasonal items that have passed their sales season.

The franchisees have the right to price their merchandise within a specified range of the recommended retail price set by the Group. They also have the ability to carry out discretionary promotional campaigns for their stores or decide whether to participate in a promotional campaign launched by the Group. The franchisees can offer more discounts on selected items beyond the range specified in discretionary promotional campaigns, and will have to bear a substantial portion of reduced margin from lowering the sales price for such campaigns.

*Sales to offline distributors*

The Group has entered into a series of agreements with certain offline distributors, primarily overseas, which mainly include a master license agreement and a sales agreement, whereby the distributors are authorized to sub-license the operation of franchised stores in its authorized territory and sell the products that they have purchased from the Group to the franchised stores in its authorized territory. Revenue from sales of products to these distributors is recognized at the point when the products have been shipped from or delivered to the specific locations according to the detailed agreement between the Group and distributors. Revenue is recognized based on the contract price, net of sales rebates.

*Online sales*

Revenue from online sales to customers, which are conducted through the Group's own mobile applications and self-operated online stores on third-party e-commerce platforms, is recognized at the point when the products are delivered to customers. The Group has also entered into agreements with certain online distributors, who are authorized to sell products to customers through their online stores on various major e-commerce platforms. Revenue is recognized when control of the goods has transferred according to respective agreed terms of delivery, which is at the point in time when the distributor obtains control of the distinct good.

*(ii) License fees, sales-based royalties and sales-based management and consultation service fees*

Franchisees and distributors are required to provide non-refundable upfront payments in exchange for the franchise right or sub-license right, which represent primarily their right to access the Group's brand name and trademarks. In addition, franchisees are also required to pay sales-based royalties and sales-based management and consultation services fees for such access. The fixed component of such royalties is recognized as revenue over the estimated license period, while the sales-based component is recognized as revenue when the related sales occur.

*(iii) Customer loyalty program*

The Group has launched spend-based customer loyalty programs for MINISO and TOP TOY brand in the PRC, under which loyalty points are rewarded to end customers at a rate of 1 point per RMB1 spent in MINISO stores or 1 to 1.4 points per RMB1 spent in TOP TOY stores in the PRC based on the level of TOP TOY membership. The stores include self-operated stores and franchised stores operated by franchisees participating in the program, and through MINISO and TOP TOY WeChat Mini Programs. Each 100 points of MINISO brand or each 20 points of TOP TOY brand is redeemable for a cash value of RMB1 on future purchases when certain criteria are met. Transaction price is allocated to the product(s) and the loyalty points are rewarded on a relative standalone selling price basis. Revenue associated with the price allocation of loyalty points rewarded is deferred and a corresponding liability is established in contract liabilities.

*(iv) Interest income*

Interest income is recognized as it accrues using the effective interest method.

*(v) Government grants*

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as other income in profit or loss based on the timing of when the related costs for which the grants are intended to compensate are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

**(v) Translation of foreign currencies***(i) Functional and presentation currency*

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). As the major operations of the Group are within the PRC, the Group presents its Historical Financial Information in Renminbi ("RMB"). All values are rounded to the nearest thousand except when otherwise indicated.

*(ii) Transactions and balances*

Foreign currency transactions during the year are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of each reporting period. Exchange gains and losses are recognized in profit or loss and presented within other net income.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

**(iii) Foreign operations**

The results of foreign operations are translated into RMB at the exchange rates approximating the exchange rates at the dates of the transactions. Statement of financial position items are translated into RMB at the exchange rates at the end of each reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences in the translation reserve relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

**(w) Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred.

**(x) Assets held for sale and discontinued operations**

**(i) Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. A disposal group is a group of assets to be disposed off together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, property, plant and equipment, right-of-use assets and intangible assets are no longer amortized or depreciated.

**(ii) Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents:

- a separate major line of business or geographical area of operations;
- or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of when the entity entering into a binding sale agreement or when the board of directors approving and announcing a formal disposal plan.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:



- the post-tax profit or loss of the discontinued operations; and
- the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operations.

**(y) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(z) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**3 ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 2(u)(i) – product sales to franchisees: whether revenue from product sales to franchisees is recognized at the point when the franchisees sell the product to their customers in the franchisees' stores
- Note 2(u)(ii) – license fees, sales-based royalties and sales-based management and consultation services fees: whether revenue is recognized over time

Note 34 contains information about the assumptions and their risk factors relating to measurement of ECL allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

**(a) Write down of inventories**

The Group determines the write-down for obsolescence of inventories. Write-down of inventories is recorded when estimated net realizable value is less than cost. In determining write-down of inventories, the Group considers factors such as inventory aging, forecasted product demands, historical pricing trends and anticipated pricing strategies. It could change significantly as a result of change in the product demands and pricing strategies due to change in market condition.

**(b) Impairments of property, plant and equipment and right-of-use assets**

In considering the impairment losses that may be required for certain property, plant and equipment, and right-of-use assets, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

**(c) Impairments of goodwill**

Goodwill is tested by the Group annually in accordance with the accounting policy stated in Note 2(d)(iii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The value-in-use calculations primarily use cash flow projections based on financial budgets approved by the Board of Directors. There are a number of assumptions and estimates involved in the preparation of future cash flow forecasts. Key assumptions include the expected growth rates and selection of discount rates to reflect the risks involved.

**(d) Recognition of deferred tax assets**

Deferred tax assets in respect of tax losses and other deductible temporary differences carried forward are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting periods. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions

relating to the operating environment of the Group and requires significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

**(e) Share-based compensation**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. The Group has to estimate the forfeiture rate in order to determine the amount of share-based compensation expenses charged to the statement of profit or loss. The Group also has to estimate the actual vesting periods of the share awards which is variable and subject to an estimate of when a qualified initial public offering of the Group will incur. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 32.

**(f) Determining the lease term**

As explained in policy Note 2(g), the lease liability is initially recognized at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favorable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognized in future years.

**(g) Fair value measurement of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights**

The paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are not traded in an active market and the respective fair value is determined by using valuation techniques. The Group has used the discounted cash flow method to determine the underlying equity value and adopted equity allocation model to determine the fair value of the paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights. Key assumptions, such as weighted average cost of capital, risk-free interest rate, lack of marketability discount and volatility are disclosed in Note 30. Considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

**(h) Depreciation and amortization**

Property, plant and equipment, right-of-use assets and intangible assets, are depreciated or amortized on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting periods. The useful lives are based on the Group's historical experience with similar assets. The depreciation and amortization expenses for future periods are adjusted if there are material changes from previous estimates.

#### **4 SEGMENT REPORTING**

The Group manages its businesses by divisions, which are organized by a mixture of both brands and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the four reportable segments during the years ended June 30, 2019 and 2020, namely (i) MINISO brand (excluding Africa and Germany), (ii) MINISO brand in Africa and Germany, (iii) NOME brand, and (iv) Minihome brand. The operations of the MINISO brand in Africa and Germany and the NOME brand and Minihome brand were discontinued and disposed of by the Group as of June 30, 2020. During the year ended June 30, 2021, the Group developed a new brand namely TOP TOY and included it as one of the reportable segments. Therefore, the Group had two reporting segments of MINISO brand and TOP TOY brand as of and for the year ended June 30, 2021 and the six months ended December 31, 2021.

No other operating segments have been aggregated to these reportable segments, but have been aggregated and presented as "other segment". Business included as other segment did not meet the quantitative thresholds for reportable segments for the Relevant Periods. The segment information is as follows:

Reportable segments	Operations
MINISO brand (excluding Africa and Germany)	Design, buying and sale of lifestyle products
MINISO brand in Africa and Germany*	Design, buying and sale of lifestyle products
NOME brand*	Design, buying and sale of clothing products and other household items
Minihome brand*	Design, buying and sale of furniture and other household items
TOP TOY brand	Design, buying and sale of pop toys

Note:

\* Businesses of NOME and Minihome brands and MINISO brand in Africa and Germany are classified as discontinued operations for the years ended June 30, 2019 and 2020, and had been disposed of by the Group as of June 30, 2020. See Note 5 "Discontinued operations and assets and liabilities held for sale" for details.

(i) Segment results, assets and liabilities

Information related to each reportable segment is set out below. Segment profit/(loss) before taxation is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

	As at and for the year ended June 30, 2019						Total
	Reportable segments					Other segment	
	MINISO brand (excluding Africa and Germany)	MINISO brand in Africa and Germany (discontinued)*	NOME brand (discontinued)*	Minihome brand (discontinued)*	Total reportable segments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	9,143,883	159,764	307,173	31,140	9,641,960	251,028	9,892,988
Inter-segment revenue	35,200	3,202	47,849	–	86,251	5,199	91,450
<b>Segment revenue</b>	<b>9,179,083</b>	<b>162,966</b>	<b>355,022</b>	<b>31,140</b>	<b>9,728,211</b>	<b>256,227</b>	<b>9,984,438</b>
<b>Segment profit/(loss) before taxation</b>	<b>962,382</b>	<b>(69,620)</b>	<b>(148,449)</b>	<b>(79,007)</b>	<b>665,306</b>	<b>36,402</b>	<b>701,708</b>
Finance income	7,210	743	156	18	8,127	101	8,228
Finance costs	(25,198)	(5,572)	(123)	–	(30,893)	(11)	(30,904)
Depreciation and amortization	(191,627)	(4,350)	(1,836)	(3,947)	(201,760)	(151)	(201,911)
Other material non-cash items:							
– credit loss on trade and other receivables	(90,124)	(2)	(35,469)	–	(125,595)	–	(125,595)
– impairment loss on non-current assets	(27,542)	(33,269)	(11,835)	(10,301)	(82,947)	–	(82,947)
<b>Segment assets</b>	<b>4,683,456</b>	<b>201,644</b>	<b>226,463</b>	<b>32,442</b>	<b>5,144,005</b>	<b>82,110</b>	<b>5,226,115</b>
<b>Segment liabilities</b>	<b>3,220,982</b>	<b>134,729</b>	<b>224,262</b>	<b>5,673</b>	<b>3,585,646</b>	<b>53,149</b>	<b>3,638,795</b>

As at and for the year ended June 30, 2020

	Reportable segments				Other segment	Total	
	MINISO brand (excluding Africa and Germany) <i>RMB'000</i>	MINISO brand in Africa and Germany (discontinued)* <i>RMB'000</i>	NOME brand (discontinued)* <i>RMB'000</i>	Minihome brand (discontinued)* <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>	<i>RMB'000</i>	
External revenues	8,721,620	80,746	187,046	15,154	9,004,566	257,366	9,261,932
Inter-segment revenue	40,887	–	6,380	–	47,267	50	47,317
<b>Segment revenue</b>	<b>8,762,507</b>	<b>80,746</b>	<b>193,426</b>	<b>15,154</b>	<b>9,051,833</b>	<b>257,416</b>	<b>9,309,249</b>
<b>Segment profit/(loss) before taxation</b>	<b>716,759</b>	<b>(29,884)</b>	<b>(98,308)</b>	<b>(12,648)</b>	<b>575,919</b>	<b>44,092</b>	<b>620,011</b>
Finance income	24,842	92	250	5	25,189	766	25,955
Finance costs	(31,273)	(1,616)	(108)	–	(32,997)	(65)	(33,062)
Depreciation and amortization	(268,359)	–	(828)	(1,830)	(271,017)	(310)	(271,327)
Other material non-cash items:							
– credit loss on trade and other receivables	(25,357)	–	(43,470)	–	(68,827)	(9)	(68,836)
– impairment loss on non-current assets	(36,844)	–	(1,059)	(3,156)	(41,059)	–	(41,059)
<b>Segment assets</b>	<b>5,727,281</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,727,281</b>	<b>108,970</b>	<b>5,836,251</b>
<b>Segment liabilities</b>	<b>3,732,134</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,732,134</b>	<b>45,836</b>	<b>3,777,970</b>

As at and for the year ended June 30, 2021

	Reportable segments			Other segment	Total
	MINISO brand <i>RMB'000</i>	TOP TOY brand <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
External revenues	8,735,947	98,241	8,834,188	237,471	9,071,659
Inter-segment revenue	1,978	5,832	7,810	115,701	123,511
<b>Segment revenue</b>	<b>8,737,925</b>	<b>104,073</b>	<b>8,841,998</b>	<b>353,172</b>	<b>9,195,170</b>
<b>Segment profit/(loss) before taxation</b>	<b>378,926</b>	<b>(24,376)</b>	<b>354,550</b>	<b>58,556</b>	<b>413,106</b>
Finance income	38,858	9	38,867	1,566	40,433
Finance costs	(26,324)	(2,021)	(28,345)	(17)	(28,362)
Depreciation and amortization	(252,721)	(11,229)	(263,950)	(1,069)	(265,019)
Other material non-cash items:					
– credit loss on trade and other receivables	(20,208)	(607)	(20,815)	(17)	(20,832)
– impairment loss on non-current assets	(1,850)	(1,091)	(2,941)	–	(2,941)
<b>Segment assets</b>	<b>9,873,002</b>	<b>315,038</b>	<b>10,188,040</b>	<b>164,928</b>	<b>10,352,968</b>
<b>Segment liabilities</b>	<b>3,662,661</b>	<b>333,096</b>	<b>3,995,757</b>	<b>57,119</b>	<b>4,052,876</b>

## As at and for the six months ended December 31, 2020 (unaudited)

	Reportable segments			Other segment	Total
	MINISO brand	TOP TOY brand	Total reportable segments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	4,237,663	2,617	4,240,280	129,580	4,369,860
Inter-segment revenue	–	–	–	30,474	30,474
<b>Segment revenue</b>	4,237,663	2,617	4,240,280	160,054	4,400,334
<b>Segment profit/(loss) before taxation</b>	39,401	(2,667)	36,734	24,601	61,335
Finance income	22,449	1	22,450	594	23,044
Finance costs	(13,437)	(413)	(13,850)	(10)	(13,860)
Depreciation and amortization	(123,249)	(1,956)	(125,205)	(178)	(125,383)
Other material non-cash items:					
– credit loss on trade and other receivables	(17,397)	(5)	(17,402)	15	(17,387)
– impairment loss on non-current assets	–	–	–	–	–
<b>Segment assets</b>	9,684,209	85,413	9,769,622	181,285	9,950,907
<b>Segment liabilities</b>	3,786,289	87,417	3,873,706	99,313	3,973,019

## As at and for the six months ended December 31, 2021

	Reportable segments			Other segment	Total
	MINISO brand	TOP TOY brand	Total reportable segments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	5,074,106	240,328	5,314,434	112,474	5,426,908
Inter-segment revenue	–	–	–	81,600	81,600
<b>Segment revenue</b>	5,074,106	240,328	5,314,434	194,074	5,508,508
<b>Segment profit/(loss) before taxation</b>	527,792	(65,062)	462,730	27,808	490,538
Finance income	24,527	25	24,552	1,626	26,178
Finance costs	(13,623)	(3,634)	(17,257)	(9)	(17,266)
Depreciation and amortization	(166,002)	(5,235)	(171,237)	(279)	(171,516)
Other material non-cash items:					
– credit loss on trade and other receivables	(17,567)	(1,498)	(19,065)	(26)	(19,091)
– impairment loss on non-current assets	(6,072)	(3,464)	(9,536)	–	(9,536)
<b>Segment assets</b>	8,031,709	500,871	8,532,580	179,021	8,711,601
<b>Segment liabilities</b>	3,633,069	567,821	4,200,890	50,319	4,251,209

Note:

\* See Note 5 “Discontinued operations and assets and liabilities held for sale” for details.

## (ii) Reconciliations of information on reportable segments to the amounts reported in the Historical Financial Information

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
<b>i. Revenue</b>					
Total revenue for reportable segments	9,728,211	9,051,833	8,841,998	4,240,280	5,314,434
Revenue for other segment	256,227	257,416	353,172	160,054	194,074
Elimination of inter-segment revenue	(91,450)	(47,317)	(123,511)	(30,474)	(81,600)
Elimination of discontinued operations	(498,077)	(282,946)	—	—	—
Consolidated revenue	<u>9,394,911</u>	<u>8,978,986</u>	<u>9,071,659</u>	<u>4,369,860</u>	<u>5,426,908</u>
<b>ii. Profit/(loss) before taxation</b>					
Total profit before taxation for reportable segments	665,306	575,919	354,550	36,734	462,730
Profit before taxation for other segment	36,402	44,092	58,556	24,601	27,808
Elimination of discontinued operations	297,076	140,840	—	—	—
Unallocated amounts:					
– Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	(709,780)	(680,033)	(1,625,287)	(1,625,287)	—
– Share of loss of an equity-accounted investee, net of tax expense	—	—	(4,011)	—	(8,162)
– Expenses relating to construction of headquarter building and depreciation expense of apartments for use as staff quarters	—	—	—	—	(12,420)
Consolidated profit/(loss) before taxation from continuing operations	<u>289,004</u>	<u>80,818</u>	<u>(1,216,192)</u>	<u>(1,563,952)</u>	<u>469,956</u>



	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
<b>iii. Assets</b>				
Total assets for reportable segments	5,144,005	5,727,281	10,188,040	8,532,580
Assets for other segment	82,110	108,970	164,928	179,021
Other unallocated amounts				
– Interest in an equity-accounted investee	–	–	352,062	–
– Assets relating to construction of headquarter building	–	–	–	2,079,826
– Apartments for use as staff quarters	–	–	–	255,356
Consolidated total assets	<u>5,226,115</u>	<u>5,836,251</u>	<u>10,705,030</u>	<u>11,046,783</u>
<b>iv. Liabilities</b>				
Total liabilities for reportable segments	3,585,646	3,732,134	3,995,757	4,200,890
Liabilities for other segments	53,149	45,836	57,119	50,319
Other unallocated amounts				
– Liabilities relating to construction of headquarter building	–	–	–	63,797
– Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights	1,701,294	2,381,327	–	–
Consolidated total liabilities	<u>5,340,089</u>	<u>6,159,297</u>	<u>4,052,876</u>	<u>4,315,006</u>

**v. Other material items**

	For the year ended June 30, 2019			
	Reportable segment totals	Other segment	Elimination of discontinued operations	Consolidated totals
	RMB'000	RMB'000	RMB'000	RMB'000
Finance income	8,127	101	(917)	7,311
Finance costs	(30,893)	(11)	5,695	(25,209)
Depreciation and amortization	(201,760)	(151)	10,133	(191,778)
Credit loss on trade and other receivables	(125,595)	–	35,471	(90,124)
Impairment loss on non-current assets	(82,947)	–	55,405	(27,542)

## For the year ended June 30, 2020

	Reportable segment totals	Other segment	Elimination of discontinued operations	Consolidated totals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income	25,189	766	(347)	25,608
Finance costs	(32,997)	(65)	1,724	(31,338)
Depreciation and amortization	(271,017)	(310)	2,658	(268,669)
Credit loss on trade and other receivables	(68,827)	(9)	43,470	(25,366)
Impairment loss on non-current assets	(41,059)	–	4,215	(36,844)

## For the year ended June 30, 2021

	Reportable segment totals	Other segment	Elimination of discontinued operations	Consolidated totals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income	38,867	1,566	–	40,433
Finance costs	(28,345)	(17)	–	(28,362)
Depreciation and amortization	(263,950)	(1,069)	–	(265,019)
Credit loss on trade and other receivables	(20,815)	(17)	–	(20,832)
Impairment loss on non-current assets	(2,941)	–	–	(2,941)

## For the six months ended December 31, 2020 (unaudited)

	Reportable segment totals	Other segment	Elimination of discontinued operations	Consolidated totals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income	22,450	594	–	23,044
Finance costs	(13,850)	(10)	–	(13,860)
Depreciation and amortization	(125,205)	(178)	–	(125,383)
Credit loss on trade and other receivables	(17,402)	15	–	(17,387)
Impairment loss on non-current assets	–	–	–	–

## For the six months ended December 31, 2021

	Reportable segment totals	Other segment	Unallocated amounts	Consolidated totals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income	24,552	1,626	259	26,437
Finance costs	(17,257)	(9)	–	(17,266)
Depreciation and amortization	(171,237)	(279)	(11,110)	(182,626)
Credit loss on trade and other receivables	(19,065)	(26)	–	(19,091)
Impairment loss on non-current assets	(9,536)	–	–	(9,536)

## (iii) Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other regions. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets are based on the geographic location of the assets.

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
<b>i. Revenue</b>					
the PRC (place of domicile) (of which RMB338,313,000 and RMB202,201,000 related to discontinued operations in the years ended June 30, 2019 and 2020, respectively)	6,702,311	6,246,301	7,291,219	3,556,678	4,086,285
Other Asian countries excluding the PRC	1,738,348	1,428,035	961,622	424,878	571,636
America	1,049,334	1,221,058	584,630	277,743	595,630
Europe (of which RMB13,222,000 and RMB11,311,000 related to discontinued operations in the years ended June 30, 2019 and 2020, respectively)	137,822	183,480	117,214	64,260	119,013
Others (of which RMB146,542,000 and RMB69,434,000 related to discontinued operations in the years ended June 30, 2019 and 2020, respectively)	265,173	183,058	116,974	46,301	54,344
Discontinued operations	(498,077)	(282,946)	–	–	–
	<u>9,394,911</u>	<u>8,978,986</u>	<u>9,071,659</u>	<u>4,369,860</u>	<u>5,426,908</u>

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
<b>ii. Non-current assets</b>				
the PRC (place of domicile)	294,286	312,873	902,793	2,564,864
Other Asian countries excluding the PRC	108,328	62,272	82,414	75,735
America	200,457	265,131	191,304	185,016
Europe	23,518	19,744	22,399	15,168
	<u>626,589</u>	<u>660,020</u>	<u>1,198,910</u>	<u>2,840,783</u>

Non-current assets exclude deferred tax assets and non-current prepayments.

## 5 DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD FOR SALE

In May 2019, the board of directors approved a plan to dispose the NOME Business, Minihome Business, MINISO African Business and MINISO German Business within one year. Accordingly, the results of these operations were included as discontinued operations for the years ended June 30, 2019 and 2020. MINISO African Business included MINISO Nigeria, Uganda, South Africa, Tanzania and Kenya.

During the period from January 2020 to March 2020, the Group entered into the share purchase agreements, pursuant to which the Group agreed to sell its entire equity interests in the Minihome Business and NOME Business to several companies owned by Mr. Ye Guofu, the controlling shareholder of the Group, at an aggregate of considerations of RMB4.

During the period from December 2019 to April 2020, the Group entered into several share purchase agreements, pursuant to which the Group agreed to sell its entire equity interests in MINISO Nigeria, Uganda, South Africa, Tanzania and Germany to several companies owned by Mr. Ye Guofu, the controlling shareholder of the Group, at an aggregate of considerations of RMB7.

In January 2020, the Group entered into a share purchase agreement, pursuant to which the Group agreed to sell its entire equity interests in MINISO Kenya to a third party at a consideration of RMB1.

The above disposal transactions were completed during the year ended June 30, 2020 and the Group's discontinued operations ceased accordingly.

## (a) Results of discontinued operations

	Note	For the year ended June 30,			For the six months ended December 31,	
		2019	2020	2021	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue		549,128	289,326	–	–	–
Elimination of inter-segment revenue		(51,051)	(6,380)	–	–	–
<b>External revenue</b>		498,077	282,946	–	–	–
Expenses		(795,153)	(423,786)	–	–	–
<b>External expenses</b>		(795,153)	(423,786)	–	–	–
<b>Results from operating activities</b>	4	(297,076)	(140,840)	–	–	–
Income tax	11(c)	(6,754)	–	–	–	–
<b>Results from operating activities, net of tax</b>		(303,830)	(140,840)	–	–	–
Gain on disposal of subsidiaries		–	10,795	–	–	–
<b>Loss from discontinued operations, net of tax</b>		<u>(303,830)</u>	<u>(130,045)</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Loss per share – discontinued operations</b>						
Basic loss per share (RMB)		(0.33)	(0.14)	–	–	–
Diluted loss per share (RMB)		(0.33)	(0.14)	–	–	–

The losses from discontinued operations of RMB303,830,000 and RMB130,045,000 for the years ended June 30, 2019 and 2020, respectively, were attributable entirely to the equity shareholders of the Company.

**(b) Assets and liabilities of disposal group held for sale**

As at June 30, 2019, the disposal group comprised the following assets and liabilities.

	<b>As at June 30, 2019</b>
	<u>RMB'000</u>
Property, plant and equipment	3,588
Inventories	188,690
Trade and other receivables	118,690
Cash and cash equivalents	139,938
Restricted cash	9,643
	<u>460,549</u>
<b>Assets held for sale</b>	<b>460,549</b>
Trade and other payables	(308,896)
Contract liabilities	(7,883)
Lease liabilities	(47,723)
Current taxation	(162)
	<u>(364,664)</u>
<b>Liabilities directly associated with the assets held for sale</b>	<b>(364,664)</b>

**(c) Cash flows used in discontinued operations**

	<b>For the year ended June 30,</b>			<b>For the six months ended December 31,</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				<i>(unaudited)</i>	
Net cash used in operating activities	(322,186)	(68,063)	–	–	–
Net cash used in investing activities	(23,662)	(7,117)	–	–	–
Net cash (used in)/from financing activities	(153,741)	10,468	–	–	–
	<u>(499,589)</u>	<u>(64,712)</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net cash flows for the year/period</b>	<b>(499,589)</b>	<b>(64,712)</b>	<b>–</b>	<b>–</b>	<b>–</b>

**(d) Effect of disposal of subsidiaries on the financial position of the Group**

	<b>As at disposal dates</b>
	<u>RMB'000</u>
Property, plant and equipment	1,470
Inventories	104,616
Trade and other receivables	61,355
Cash and cash equivalents	75,552
Loans and borrowings	(14,513)
Trade and other payables	(196,779)
Lease liabilities	(41,944)
	<u>(10,243)</u>
<b>Net liabilities</b>	<b>(10,243)</b>
Effect of translation difference of foreign operations	(552)
	<u>(10,795)</u>
<b>Net gain on disposal of subsidiaries</b>	<b>(10,795)</b>

	As at disposal dates
	<u>RMB'000</u>
Considerations received in cash	—*
Cash and cash equivalents disposed of	<u>(75,552)</u>
<b>Net cash outflow</b>	<b><u>(75,552)</u></b>

Note:

\* The amount was less than RMB1,000.

## 6 REVENUE

The Group's revenue is primarily derived from the sale of lifestyle and pop toy products through self-operated stores, franchised stores, offline distributors in the PRC and overseas and online sales conducted through the Group's own mobile applications and self-operated online stores on third-party e-commerce platforms and through online distributors. Other sources of revenue mainly include license fees, sales-based royalties and sales-based management and consultation service fees from franchisees and distributors.

### (i) Disaggregation of revenue

In the following table, revenue from contracts with customers (excluding revenue related to discontinued operations) is disaggregated by major products and service lines, primary geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 4).

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				<i>(unaudited)</i>	
Major products/service lines					
– Sales of lifestyle and pop toy products					
– Retail sales in self-operated stores	290,787	364,638	323,775	168,398	291,238
– Product sales to franchisees	4,957,273	4,584,288	5,506,365	2,712,007	2,988,169
– Sales to offline distributors	3,067,207	2,683,829	1,509,840	684,296	1,073,836
– Online sales	138,284	308,455	663,197	295,690	367,075
– Other sales channels	11,118	114,204	33,499	12,804	97,293
Sub-total	<u>8,464,669</u>	<u>8,055,414</u>	<u>8,036,676</u>	<u>3,873,195</u>	<u>4,817,611</u>
– License fees, sales-based royalties, and sales-based management and consultation service fees					
– License fees	27,223	78,469	72,392	30,694	51,372
– Sales-based royalties	94,374	82,444	97,848	48,093	53,392
– Sales-based management and consultation service fees	491,005	426,731	488,138	240,465	263,002
Sub-total	<u>612,602</u>	<u>587,644</u>	<u>658,378</u>	<u>319,252</u>	<u>367,766</u>

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
– Others*	317,640	335,928	376,605	177,413	241,531
	<u>9,394,911</u>	<u>8,978,986</u>	<u>9,071,659</u>	<u>4,369,860</u>	<u>5,426,908</u>

Note:

\* Others mainly represented sales of fixtures to franchisees and distributors.

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<i>Primary geographical markets</i>					
– the PRC	6,363,998	6,044,100	7,291,219	3,556,678	4,086,285
– Other Asian countries excluding the PRC	1,738,348	1,428,035	961,622	424,878	571,636
– America	1,049,334	1,221,058	584,630	277,743	595,630
– Europe	124,600	172,169	117,214	64,260	119,013
– Others	118,631	113,624	116,974	46,301	54,344
	<u>9,394,911</u>	<u>8,978,986</u>	<u>9,071,659</u>	<u>4,369,860</u>	<u>5,426,908</u>
<i>Timing of revenue recognition</i>					
– Products transferred at a point of time	8,782,309	8,391,342	8,413,281	4,050,608	5,059,142
– Services transferred over time	612,602	587,644	658,378	319,252	367,766
Revenue from contracts with customers	<u>9,394,911</u>	<u>8,978,986</u>	<u>9,071,659</u>	<u>4,369,860</u>	<u>5,426,908</u>

Revenue from individual customer contributing over 10% of total revenue of the Group during the Relevant Periods is set out as below:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	<u>978,926</u>	<u>N/A*</u>	<u>941,541</u>	<u>495,285</u>	<u>N/A*</u>

Note:

\* Less than 10% of the Group's revenue in the respective year/period.



## (ii) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Note	As at June 30,			As at
		2019	2020	2021	December 31,
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2021</u>
Receivables, which are included in 'trade and other receivables'	22	<u>317,333</u>	<u>286,692</u>	<u>315,001</u>	<u>360,720</u>
Receivables, which are included in 'assets held for sale'		<u>16,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contract liabilities					
- Current portion		(243,873)	(218,287)	(266,919)	(276,537)
- Non-current portion		<u>(77,673)</u>	<u>(74,226)</u>	<u>(59,947)</u>	<u>(53,572)</u>
Total contract liabilities		<u>(321,546)</u>	<u>(292,513)</u>	<u>(326,866)</u>	<u>(330,109)</u>

		As at June 30,			As at
		2019	2020	2021	December 31,
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2021</u>
Contract liabilities are analyzed as follows:					
- Advance payments received from customers for purchase of goods	205,129	174,366	235,435	216,110	
- Deferred revenue related to license fees	116,417	118,147	91,431	95,462	
- Deferred revenue related to membership fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,537</u>	
Total contract liabilities		<u>321,546</u>	<u>292,513</u>	<u>326,866</u>	<u>330,109</u>

The Group requests 20% to 100% advance payment for purchase of goods from certain overseas distributors prior to delivery of goods. This gives rise to contract liabilities at the start of a sales order, until the revenue of sales of products recognized on the corresponding sale order exceeds the amount of payments received in advance.

Unamortized portion of upfront license fees and membership fees received was recognized as contract liability.

Movements in contract liabilities are as follows:

	<b>Contract liabilities</b>
	<u>RMB'000</u>
Balance at July 1, 2018	204,298
Reclassification to liabilities directly associated with the assets held for sale	(1,800)
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the period	(159,131)
Increase in contract liabilities as a result of receiving advance payment for purchase of goods	205,129
Increase in contract liabilities as a result of receiving payment of license fees	<u>73,050</u>
Balance at June 30, 2019	<u>321,546</u>
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the period	(243,873)
Increase in contract liabilities as a result of receiving advance payment for purchase of goods	174,366
Increase in contract liabilities as a result of receiving payment of license fees	<u>40,474</u>
Balance at June 30, 2020	<u>292,513</u>
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the period	(218,287)
Increase in contract liabilities as a result of receiving advance payment for purchase of goods	235,435
Increase in contract liabilities as a result of receiving payment of license fees	<u>17,205</u>
Balance at June 30, 2021	<u>326,866</u>
Decrease in contract liabilities as a result of recognizing revenue during the period that was included in the contract liabilities at the beginning of the period	(248,074)
Increase in contract liabilities as a result of receiving advance payment for purchase of goods	197,265
Increase in contract liabilities as a result of receiving payment of license fees	35,515
Increase in contract liabilities as a result of receiving payment of membership fees	<u>18,537</u>
Balance at December 31, 2021	<u><u>330,109</u></u>

As of June 30, 2019, 2020 and 2021 and December 31, 2021, license fees expected to be recognized as revenue after one year were RMB77,673,000, RMB74,226,000, RMB59,947,000 and RMB53,572,000, respectively.

**(iii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting dates**

***Contracts within the scope of IFRS 15***

As at June 30, 2019, 2020 and 2021 and December 31, 2021, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing contracts were RMB116,417,000, RMB118,147,000, RMB91,431,000 and RMB113,999,000, respectively. These amounts represented revenue of license fees and membership fees income expected to be recognized in the future from

license agreements entered into with the franchisees and distributors. The Group will recognize the expected revenue in future over the remaining licensing period, which is expected to occur over the next 1 to 49 years, the next 1 to 48 years, the next 1 to 47 years and the next 1 to 46.5 years as at June 30, 2019, 2020 and 2021 and December 31, 2021, respectively.

(iv) **COVID-19 impact on revenue**

The COVID-19 outbreak has impacted the Group's revenue and operations beginning from late January 2020 and continued through December 2021.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in the PRC. In response to intensifying efforts to contain the spread of the virus, the Group's self-operated stores and franchised stores in the PRC were all temporarily closed from late January 2020. Those stores were gradually re-opened since early March 2020. This has resulted in a reduction in revenue from retail sales and product sales to franchisees in the PRC during the period from late January to March 2020. During the period from April to June 2020, the Group's self-operated stores and franchised stores in the PRC gradually resumed normal operations and revenue from retail sales in self-operated stores and product sales to franchisees in the PRC recovered accordingly. During the year ended June 30, 2021 and the six months ended December 31, 2021, the emergence of new variants in certain PRC areas has adversely impacted the Group's retail sales and product sales to franchisees due to governmental restrictions in public places to reduce the spread of virus.

The Group's overseas business started to be adversely impacted since late March 2020 following the spread of COVID-19 around the world. Most of the Group's overseas self-operated stores and franchised stores, have suffered from temporary closure and reduction of operating hours on occasion since late March 2020 through June 2021. The sales of stores owned by overseas distributors have also been adversely affected, which resulted in a reduction in revenue from sales to overseas distributors during the period from March 2020 to June 2021. During the six months ended December 31, 2021, the sales of stores owned by overseas distributors gradually recovered although many of those stores that resumed operations also had reduced operating hours due to regional resurgences of COVID-19. The impact on sales in each overseas market has been dependent on the timing, severity and duration of the outbreak and measures implemented by government authorities to reduce the spread of COVID-19.

**7 OTHER INCOME**

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Tax refund	1,203	606	1,279	203	1,610
Government grants <i>(Note (i))</i>	9,265	36,602	46,587	42,344	13,920
Income from depositary bank <i>(Note 29)</i>	–	–	4,274	1,257	3,056
	<u>10,468</u>	<u>37,208</u>	<u>52,140</u>	<u>43,804</u>	<u>18,586</u>

*Note:*

- (i) Government grants mainly represented unconditional cash awards granted by the local authorities in the PRC during the Relevant Periods.

During the six months ended December 31, 2021, government grants also included subsidies obtained by the subsidiaries in the U.S. under the Paycheck Protection Program Rule with an aggregated amount of USD1,320,000 (equivalent to RMB8,550,000) as disclosed in Note 26(a)(i).

## 8 EXPENSES BY NATURE

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Cost of inventories ( <i>Note 21(a)</i> )	6,883,931	6,246,488	6,581,456	3,179,451	3,762,590
Payroll and employee benefits ( <i>Note (i)</i> )	695,493	984,895	916,185	523,397	451,593
Rental and related expenses	38,682	45,186	12,139	11,800	9,170
Depreciation and amortization ( <i>Note (ii)</i> )	191,778	268,669	265,019	125,383	182,626
Licensing expenses	21,851	109,488	88,063	43,114	73,946
Promotion and advertising expenses	85,611	128,447	214,788	95,643	137,067
Logistics expenses	105,940	154,763	195,593	102,879	150,679
Travelling expenses	60,102	69,290	52,966	28,095	37,400
Other expenses	212,066	226,174	332,375	163,609	188,813
Total cost of sales, selling and distribution and general and administrative expenses	<u>8,295,454</u>	<u>8,233,400</u>	<u>8,658,584</u>	<u>4,273,371</u>	<u>4,993,884</u>

*Notes:*

- (i) Payroll and employee benefits are analyzed as follows:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Salaries, wages and bonus	485,939	515,573	543,646	267,217	341,161
Contributions to social security contribution plan	56,368	51,587	56,325	22,800	38,482
Welfare expenses	31,128	33,691	34,895	17,003	21,550
Employee compensation expenses	–	19,664	–	–	–
Equity-settled share-based payment expenses ( <i>Note 32</i> )	122,058	364,380	281,319	216,377	50,400
	<u>695,493</u>	<u>984,895</u>	<u>916,185</u>	<u>523,397</u>	<u>451,593</u>

Employee compensation expenses represented the non-forfeitable dividend paid to employees in December 2019 in connection with the unvested restricted shares granted to them under the 2018 Share Award Scheme (see Note 32).

(ii) Depreciation and amortization are analyzed as follows:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Property, plant and equipment ( <i>Note 14</i> )	25,932	37,481	30,507	14,147	25,937
Right-of-use assets ( <i>Note 15</i> )	157,869	214,117	213,490	101,350	145,841
Intangible assets ( <i>Note 16</i> )	7,977	17,071	21,022	9,886	10,848
	<u>191,778</u>	<u>268,669</u>	<u>265,019</u>	<u>125,383</u>	<u>182,626</u>

**9 OTHER NET INCOME/(LOSS)**

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Net foreign exchange gain/(loss) ( <i>Note (i)</i> )	12,611	14,193	(114,177)	(85,366)	(11,489)
Losses on disposal of property, plants and equipment and intangible assets	(1,611)	(2,526)	(2,317)	(795)	(1,898)
Investment income from other investments ( <i>Note 20</i> )	1,348	26,387	66,837	14,965	40,446
Scrap income	8,885	8,330	11,242	5,262	6,387
Net change in fair value of other investments	1,465	(1,465)	2,968	437	5,321
Others	1,725	1,078	(4,960)	(5,258)	7,197
	<u>24,423</u>	<u>45,997</u>	<u>(40,407)</u>	<u>(70,755)</u>	<u>45,964</u>

*Note:*

- (i) Net foreign exchange loss for the year ended June 30, 2021 and the six months ended December 31, 2020 was mainly caused by the depreciation of US dollar against Renminbi in certain subsidiaries whose functional currency are Renminbi whereas its holding net assets were mainly denominated in US dollar, which mainly comprised of the US dollar proceeds obtained from the listing on the New York Stock Exchange in October 2020.

## 10 NET FINANCE (COSTS)/INCOME

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Finance income					
– Interest income	7,311	25,608	40,433	23,044	26,437
	7,311	25,608	40,433	23,044	26,437
Finance costs					
– Interest on loans and borrowings	(2,364)	(5,221)	(1,545)	(1,062)	(302)
– Interest on lease liabilities	(22,845)	(26,117)	(26,817)	(12,798)	(16,964)
	(25,209)	(31,338)	(28,362)	(13,860)	(17,266)
	(17,898)	(5,730)	12,071	9,184	9,171

## 11 INCOME TAXES

## (a) Taxation recognized in consolidated profit or loss:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Amounts recognized in consolidated profit or loss					
<b>Current tax</b>					
Provision for the year/period	345,433	306,679	200,170	96,177	124,979
<b>Deferred tax</b>					
Origination and reversal of temporary differences <i>(Note 11(d))</i>	(65,850)	(95,730)	13,085	(4,562)	6,359
Tax expense on continuing operations	279,583	210,949	213,255	91,615	131,338

(1) *Cayman Islands and the BVI*

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(2) *Hong Kong*

Under the current Hong Kong Inland Revenue Ordinance, the Company's Hong Kong subsidiaries are subject to Hong Kong Profits Tax at the rate of 16.5% on their taxable income generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first HKD2 million of

assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the Group to benefit from the progressive rates.

**(3) Mainland China**

Under the Corporate Income Tax ("CIT") Law, the subsidiaries established in mainland China are subject to a unified statutory CIT rate of 25%.

A subsidiary established in Hengqin New Area of Zhuhai, a pilot free trade zone in the PRC, met the criteria for a preferential income tax rate of 15%.

**(4) United States**

Under United States Internal Revenue Code, the subsidiaries established in United States are subject to a unified Federal CIT rate of 21% and variable state income and franchise tax depends on which state the subsidiaries has nexus with. Most of subsidiaries in United States are operated in the state of California, and thus they will be subject to state income tax rate of 8.84%.

**(5) Indonesia**

The subsidiary incorporated in Indonesia elected to pay profit tax at 0.5% of gross revenue for the fiscal year ended December 31, 2018 and 2019. In the following years, the subsidiary is subject to the prevailing statutory tax rate on taxable income. In response to the COVID-19 outbreak, the statutory tax rate was progressively lowered from 25% to 22% for fiscal years ended December 31, 2020 and 2021, and will be further lowered to 20% starting from fiscal year ended December 31, 2022 onwards.

**(6) India**

Under the Income Tax Act 1961 enacted in India, the subsidiary incorporated in India is subject to a profit tax rate of 26%.

**(7) Canada**

Under the Canadian federal and provincial tax rules, the subsidiaries incorporated in Canada are subject to the combined Canadian federal and provincial statutory income tax rates ranging from 23% to 31% depending on the location of the operation.

**(8) Singapore**

Under the Income Tax Act enacted in Singapore, the subsidiaries incorporated in Singapore are subject to a tax rate of 17% on its chargeable income.

**(b) Reconciliation between tax expense and accounting profit at applicable tax rates:**

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				<i>(unaudited)</i>	
Profit/(loss) before taxation	<u>289,004</u>	<u>80,818</u>	<u>(1,216,192)</u>	<u>(1,563,952)</u>	<u>469,956</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	63,918	(48,050)	118,766	26,089	119,697



	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Tax effect of share-based compensation expenses and employee compensation expenses ( <i>Note 8(i)</i> )	30,514	96,011	70,330	54,094	12,600
Tax effect of other non-deductible expenses	11,800	6,566	10,433	4,915	1,662
Tax effect of deemed sales	11,277	–	–	–	–
Tax effect of loss from waiver of intercompany receivables of discontinued operations	–	(61,548)	–	–	–
Tax benefit from disposal of subsidiaries	–	(24,779)	–	–	–
Effect of preferential tax treatments on assessable profits of a subsidiary ( <i>Note 11(a)(3)</i> )	(47,912)	(34,876)	(34,218)	(19,362)	(10,080)
Effect of fair value changes of paid-in capital subject to redemption and other preferential rights not recognized	177,446	207,942	–	–	–
Tax effect of exempted and non-taxable interest income	–	–	(6,245)	(1,525)	(2,105)
Effect of unused tax losses not recognized	21,173	35,382	72,969	27,193	10,093
Effect of deductible temporary differences not recognized/(utilized)	11,367	34,301	(18,780)	211	(529)
Actual tax expenses	<u>279,583</u>	<u>210,949</u>	<u>213,255</u>	<u>91,615</u>	<u>131,338</u>

The loss from waiver of intercompany receivables is related with the waiver of outstanding receivables due from Nome Design (Guangzhou) Co., Ltd. and Minihome Technology Co., Ltd. prior to the disposal in accordance with the share purchase agreements to sell their equity interests to Mr. Ye Guofu, the controlling shareholder of the Group.

(c) **Income tax on discontinued operations:**

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Tax charge on losses from ordinary activities of discontinued operations ( <i>Note 5(a)</i> )	6,754	–	–	–	–
Total tax charge on discontinued operations	<u>6,754</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

**(d) Movement in deferred tax assets**

The components of deferred tax assets recognized in the consolidated statement of financial position and the movements during the reporting periods presented are as follows:

	Unused tax losses	Intra- group unrealized profits	Credit loss and impairment	Loss from waiver of intercompany receivables of discontinued operations	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Deferred tax arising from:</b>						
At July 1, 2018	3,964	1,265	16,106	–	–	21,335
Charged to profit or loss (continuing operations)	5,540	24,322	34,384	–	1,604	65,850
Exchange rate difference	90	–	511	–	21	622
At June 30, 2019	<u>9,594</u>	<u>25,587</u>	<u>51,001</u>	<u>–</u>	<u>1,625</u>	<u>87,807</u>
Charged to profit or loss (continuing operations)	19,255	12,180	(485)	61,548	3,232	95,730
Exchange rate difference	(282)	(58)	365	–	(42)	(17)
At June 30, 2020	<u>28,567</u>	<u>37,709</u>	<u>50,881</u>	<u>61,548</u>	<u>4,815</u>	<u>183,520</u>
Charged to profit or loss (continuing operations)	6,278	(22,931)	683	–	2,885	(13,085)
Exchange rate difference	(592)	(82)	(1,217)	–	8	(1,883)
At June 30, 2021	<u>34,253</u>	<u>14,696</u>	<u>50,347</u>	<u>61,548</u>	<u>7,708</u>	<u>168,552</u>
Charged to profit or loss (continuing operations)	2,443	(4,351)	(5,645)	–	1,194	(6,359)
Exchange rate difference	(799)	(42)	(317)	–	(17)	(1,175)
At December 31, 2021	<u>35,897</u>	<u>10,303</u>	<u>44,385</u>	<u>61,548</u>	<u>8,885</u>	<u>161,018</u>

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses.

**(e) Unrecognized deferred tax assets**

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit against which the losses can be utilized will be available in the relevant tax jurisdiction.

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
Deductible temporary differences	89,879	223,977	127,500	108,909
Cumulative tax losses	161,919	229,946	483,437	515,739
Total	251,798	453,923	610,937	624,648

**(f) Tax losses carried forward**

Tax losses for which no deferred tax asset was recognized will expire as follows:

	As at June 30, 2019		As at June 30, 2020		As at June 30, 2021		As at December 31, 2021	
	RMB'000	Expiry date	RMB'000	Expiry date	RMB'000	Expiry date	RMB'000	Expiry date
Expire	71,584	2020-2040	52,971	2021-2041	147,928	2022-2042	187,778	2022-2042
Never expire	90,335		176,975		335,509		327,961	

Tax losses for which no deferred tax asset was recognized are related to subsidiaries that were established in recent years, which are not expected to derive sufficient taxable profits in the foreseeable future before unused tax losses expired.

**(g) Uncertain tax position**

The Group evaluates whether it is probable that tax authority will accept the tax treatment for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of June 30, 2019, 2020 and 2021 and December 31, 2021, the Group did not have any significant unrecognized uncertain tax positions. The Group does not anticipate any significant increase to unrecognized tax benefit within the next 12 months. Interest and penalties related to income tax matters, if any, is included in income tax expense.

**12 (LOSS)/EARNINGS PER SHARE****(a) Basic (loss)/earnings per share**

The calculation of basic (loss)/earnings per share has been based on the following profit/(loss) attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

**(i) Profit/(loss) attributable to ordinary shareholders (basic):**

	For the year ended June 30, 2019		
	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000
Profit/(loss) attributable to the equity shareholders of the Company	13,183	(303,830)	(290,647)
Less:			
Allocation of undistributed earnings to holders of unvested restricted shares	(741)	17,070	16,329
Profit/(loss) used to determine basic earnings per share	12,442	(286,760)	(274,318)

	<b>For the year ended June 30, 2020</b>		
	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss attributable to the equity shareholders of the Company	(132,222)	(130,045)	(262,267)
Less:			
Allocation of undistributed earnings to holders of unvested restricted shares	25,988	7,306	33,294
Loss used to determine basic earnings per share	<u>(106,234)</u>	<u>(122,739)</u>	<u>(228,973)</u>
	<b>For the year ended June 30, 2021</b>		
	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss attributable to the equity shareholders of the Company	(1,415,010)	–	(1,415,010)
Less:			
Allocation of undistributed earnings to holders of unvested restricted shares	116,929	–	116,929
Loss used to determine basic earnings per share	<u>(1,298,081)</u>	<u>–</u>	<u>(1,298,081)</u>
	<b>For the six months ended December 31, 2020 (unaudited)</b>		
	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss attributable to the equity shareholders of the Company	(1,651,857)	–	(1,651,857)
Less:			
Allocation of undistributed earnings to holders of unvested restricted shares	118,054	–	118,054
Loss used to determine basic earnings per share	<u>(1,533,803)</u>	<u>–</u>	<u>(1,533,803)</u>
	<b>For the six months ended December 31, 2021</b>		
	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to the equity shareholders of the Company	336,779	–	336,779
Less:			
Allocation of undistributed earnings to holders of unvested restricted shares	(944)	–	(944)
Profit used to determine basic earnings per share	<u>335,835</u>	<u>–</u>	<u>335,835</u>

The unvested restricted shares granted to employees under the 2018 and 2020 Share Award Scheme (see Note 32) are entitled to non-forfeitable dividends during the vesting period. For the purpose of calculating basic loss per share, the numerators are thus be adjusted for the undistributed earnings attributed to these unvested shares in accordance with their participating rights, which have not been recognized in profit or loss.

(ii) *Weighted-average number of ordinary shares (basic):*

The Company was incorporated on January 7, 2020 as part of the Reorganization (see Note 1.2). For the purpose of calculating basic loss per share for the years ended June 30, 2019 and 2020, the number of ordinary shares outstanding of 865,591,398 used in the calculation, which excludes treasury shares of 111,043,373 shares (see Note 31(a)), has been retroactively adjusted to reflect the issuance of ordinary shares by the Company in connection with the incorporation of the Company and the Reorganization as if these events had occurred at the beginning of the earliest period presented.

As of June 30, 2019 and 2020, the vesting requirements of the restricted shares under the 2018 and 2020 Share Aware Scheme (see Note 32) have not been satisfied. Therefore, the effect of such shares has not been taken into account in the calculation of basic loss per share for the years ended June 30, 2019 and 2020.

The weighted average number of ordinary shares of 1,104,371,475, 1,006,270,877 and 1,206,451,996, respectively in issue for the year ended June 30, 2021 and the six months ended December 31, 2020 and 2021 was calculated as follows:

	<b>For the year ended June 30, 2021</b>
	<b>Number of shares</b>
Issued ordinary share at July 1, 2020	865,591,398
Effect of shares issued upon IPO and exercise of the over-allotment option (Note 31(a)(iii))	90,911,146
Effect of shares converted from Series A preferred shares (Note 31(a)(iv))	83,495,097
Effect of shares released from share award scheme and option plan (Note 32)	64,373,834
	<hr/>
Weighted average number of ordinary shares	<u>1,104,371,475</u>
	<hr/>
	<b>For the six months ended December 31, 2020</b>
	<b>Number of shares</b>
	<i>(unaudited)</i>
Issued ordinary share at July 1, 2020	865,591,398
Effect of shares issued upon IPO and exercise of the over-allotment option (Note 31(a)(iii))	51,215,483
Effect of shares converted from Series A preferred shares (Note 31(a)(iv))	49,880,507
Effect of shares released from share award scheme and option plan (Note 32)	39,583,489
	<hr/>
Weighted average number of ordinary shares	<u>1,006,270,877</u>

	<b>For the six months ended December 31, 2021</b>
	<b>Number of shares</b>
Issued ordinary share at July 1, 2021	1,204,860,715
Effect of shares released from share award scheme and option plan ( <i>Note 32</i> )	1,615,808
Effect of repurchase of shares ( <i>Note 31(b)(v)</i> )	(24,527)
	<u>1,206,451,996</u>
Weighted average number of ordinary shares	<u><u>1,206,451,996</u></u>

**(b) Diluted (loss)/earnings per share**

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares.

There was no difference between basic and diluted loss per share during the years ended June 30, 2019 and 2020 as (i) the unvested restricted shares granted to employees (see Note 32(a)) and the redeemable shares with other preferential rights issued by the Company (see Note 30) were not potential dilutive ordinary shares as they could not be vested or be converted into ordinary shares until the Company completes a qualified initial public offering; and (ii) the effect of share options granted to employees (see Note 32(b)) would be anti-dilutive.

There was no difference between basic and diluted loss per share during the year ended June 30, 2021 and the six months ended December 31, 2020 as the effect of the restricted shares granted to employees (see Note 32(a)) and share options granted to employees (see Note 32(b)) would be anti-dilutive.

During the six months ended December 31, 2021, the calculation of diluted earnings per share was based on the profit attributable to ordinary equity shareholders of the Company of RMB336,779,000 and the weighted average number of ordinary shares of 1,217,411,723 shares, after adjusting by the dilutive effect of share award scheme and option plan, calculated as follows:

	<b>For the six months ended December 31, 2021</b>
	<b>Number of shares</b>
Weighted average number of ordinary shares, basic	1,206,451,996
Dilutive effect of share award scheme and option plan ( <i>Note 32</i> )	10,959,727
	<u>1,217,411,723</u>
Weighted average number of ordinary shares, diluted	<u><u>1,217,411,723</u></u>

**13 OTHER COMPREHENSIVE (LOSS)/INCOME****Amounts recognized in consolidated other comprehensive (loss)/income**

	<b>For the year ended June 30, 2019</b>		
	<b>Before-tax amount</b>	<b>Tax (expense)/ benefit</b>	<b>Net-of-tax amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	(4,834)	—	(4,834)
Other comprehensive loss	(4,834)	—	(4,834)
	<u>(4,834)</u>	<u>—</u>	<u>(4,834)</u>

	<b>For the year ended June 30, 2020</b>		
	<b>Before-tax amount</b>	<b>Tax (expense)/ benefit</b>	<b>Net-of-tax amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	6,361	–	6,361
Other comprehensive income	<u>6,361</u>	<u>–</u>	<u>6,361</u>
	<b>For the year ended June 30, 2021</b>		
	<b>Before-tax amount</b>	<b>Tax (expense)/ benefit</b>	<b>Net-of-tax amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	(16,548)	–	(16,548)
Other comprehensive loss	<u>(16,548)</u>	<u>–</u>	<u>(16,548)</u>
	<b>Six months ended December 31, 2020 (unaudited)</b>		
	<b>Before-tax amount</b>	<b>Tax (expense)/ benefit</b>	<b>Net-of-tax amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	(47,773)	–	(47,773)
Other comprehensive loss	<u>(47,773)</u>	<u>–</u>	<u>(47,773)</u>
	<b>Six months ended December 31, 2021</b>		
	<b>Before-tax amount</b>	<b>Tax (expense)/ benefit</b>	<b>Net-of-tax amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	9,177	–	9,177
Other comprehensive income	<u>9,177</u>	<u>–</u>	<u>9,177</u>



## 14 PROPERTY, PLANT AND EQUIPMENT

	Apartments	Leasehold improvements	Office equipment	Store operating equipment	Motor vehicles	Moulds	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost:</b>								
At July 1, 2018	-	107,156	23,595	11,768	2,258	-	-	144,777
Additions	-	39,941	9,563	38,893	1,452	-	-	89,849
Disposals	-	-	(2,477)	(1,271)	(114)	-	-	(3,862)
Transfer of assets held for sale	-	(48,528)	(2,714)	(161)	(1,450)	-	-	(52,853)
Exchange adjustments	-	2,507	550	820	46	-	-	3,923
At June 30, 2019	-	101,076	28,517	50,049	2,192	-	-	181,834
Additions	-	8,122	5,908	7,612	788	-	-	22,430
Disposals	-	-	(3,817)	(642)	(41)	-	-	(4,500)
Exchange adjustments	-	2,081	34	(1,704)	(4)	-	-	407
At June 30, 2020	-	111,279	30,642	55,315	2,935	-	-	200,171
Acquisitions through business combination	-	413	7	215	904	-	-	1,539
Additions	-	12,484	11,710	8,822	-	-	-	33,016
Disposals	-	(1,392)	(3,675)	(15,508)	(1,012)	-	-	(21,587)
Exchange adjustments	-	(10,835)	(1,253)	(2,375)	(87)	-	-	(14,550)
At June 30, 2021	-	111,949	37,431	46,469	2,740	-	-	198,589
Acquisition of assets through acquisition of a subsidiary (Note 33(b))	-	-	-	-	-	-	10,276	10,276
Additions	242,639	28,236	10,109	4,786	232	17,724	23,512	327,238
Disposals	-	(5,470)	(2,900)	(3,450)	(351)	(102)	-	(12,273)
Exchange adjustments	-	(1,597)	(67)	(371)	(7)	-	-	(2,042)
At December 31, 2021	242,639	133,118	44,573	47,434	2,614	17,622	33,788	521,788
<b>Accumulated depreciation:</b>								
At July 1, 2018	-	(5,037)	(3,312)	(1,632)	(366)	-	-	(10,347)
Charge for the year	-	(11,831)	(5,418)	(8,327)	(356)	-	-	(25,932)
Written back on disposals	-	-	1,601	1,192	-	-	-	2,793
Transfer of assets held for sale	-	1,655	373	6	218	-	-	2,252
Exchange adjustments	-	(203)	(136)	(181)	(10)	-	-	(530)
At June 30, 2019	-	(15,416)	(6,892)	(8,942)	(514)	-	-	(31,764)

	Apartments	Leasehold improvements	Office equipment	Store operating equipment	Motor vehicles	Moulds	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Charge for the year	-	(17,569)	(7,682)	(11,648)	(582)	-	-	(37,481)
Written back on disposals	-	-	1,780	177	17	-	-	1,974
Exchange adjustments	-	(210)	66	578	9	-	-	443
At June 30, 2020	-	(33,195)	(12,728)	(19,835)	(1,070)	-	-	(66,828)
Charge for the year	-	(11,097)	(7,538)	(11,303)	(569)	-	-	(30,507)
Written back on disposals	-	395	3,026	5,028	77	-	-	8,526
Exchange adjustments	-	2,890	(1,386)	3,187	52	-	-	4,743
At June 30, 2021	-	(41,007)	(18,626)	(22,923)	(1,510)	-	-	(84,066)
Charge for the period	(3,182)	(8,603)	(2,719)	(5,022)	(232)	(6,179)	-	(25,937)
Written back on disposals	-	5,041	1,456	2,291	267	19	-	9,074
Exchange adjustments	-	518	94	217	3	-	-	832
At December 31, 2021	(3,182)	(44,051)	(19,795)	(25,437)	(1,472)	(6,160)	-	(100,097)
<b>Impairment:</b>								
At July 1, 2018	-	(64,914)	(1,964)	(386)	(1,232)	-	-	(68,496)
Addition	-	(9,436)	-	(4,750)	-	-	-	(14,186)
Transfer of assets held for sale	-	46,236	1,964	44	1,232	-	-	49,476
Exchange adjustments	-	(930)	-	(89)	-	-	-	(1,019)
At June 30, 2019	-	(29,044)	-	(5,181)	-	-	-	(34,225)
Addition	-	(8,186)	-	(2,136)	-	-	-	(10,322)
Exchange adjustments	-	(932)	-	198	-	-	-	(734)
At June 30, 2020	-	(38,162)	-	(7,119)	-	-	-	(45,281)
Addition	-	(1,742)	-	(1,199)	-	-	-	(2,941)
Written back on disposals	-	-	-	6,179	-	-	-	6,179
Exchange adjustments	-	3,472	-	364	-	-	-	3,836
At June 30, 2021	-	(36,432)	-	(1,775)	-	-	-	(38,207)
Addition	-	(6,865)	-	(2,672)	-	-	-	(9,537)
Written back on disposals	-	898	-	409	-	-	-	1,307
Exchange adjustments	-	703	-	64	-	-	-	767
At December 31, 2021	-	(41,696)	-	(3,974)	-	-	-	(45,670)

	Apartments	Leasehold improvements	Office equipment	Store operating equipment	Motor vehicles	Moulds	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Net book value:</b>								
At June 30, 2019	–	56,616	21,625	35,926	1,678	–	–	115,845
At June 30, 2020	–	39,922	17,914	28,361	1,865	–	–	88,062
At June 30, 2021	–	34,510	18,805	21,771	1,230	–	–	76,316
At December 31, 2021	239,457	47,371	24,778	18,023	1,142	11,462	33,788	376,021

*Note:* Apartments represent the apartments located in the PRC acquired from a third party during the six months ended December 31, 2021. As of December 31, 2021, the property ownership certificates of certain apartments were still under processing.

## 15 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Property ( <i>Note (i)</i> )	Warehouse equipment ( <i>Note (ii)</i> )	Land use right ( <i>Note (iii)</i> )	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cost:</b>				
At July 1, 2018	456,212	12,556	–	468,768
Additions	211,194	2,064	–	213,258
Derecognition	(18,882)	–	–	(18,882)
Transfer of assets held for sale	(41,055)	–	–	(41,055)
Exchange adjustments	10,146	96	–	10,242
At June 30, 2019	617,615	14,716	–	632,331
Additions	282,451	15,180	–	297,631
Derecognition	(66,578)	(5,099)	–	(71,677)
Exchange adjustments	(831)	60	–	(771)
At June 30, 2020	832,657	24,857	–	857,514
Acquisitions through business combination	36,632	–	–	36,632
Additions	392,648	11,305	–	403,953
Derecognition	(155,478)	(24,179)	–	(179,657)
Exchange adjustments	(29,042)	(281)	–	(29,323)
At June 30, 2021	1,077,417	11,702	–	1,089,119

	<b>Property</b> <i>(Note (i))</i>	<b>Warehouse</b> <b>equipment</b> <i>(Note (ii))</i>	<b>Land</b> <b>use right</b> <i>(Note (iii))</i>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of assets through acquisition of a subsidiary <i>(Note 33(b))</i>	–	–	1,781,595	1,781,595
Additions	156,303	414	–	156,717
Derecognition	(212,463)	(1,470)	–	(213,933)
Exchange adjustments	(9,269)	2	–	(9,267)
At December 31, 2021	<u>1,011,988</u>	<u>10,648</u>	<u>1,781,595</u>	<u>2,804,231</u>
<b>Accumulated depreciation:</b>				
At July 1, 2018	–	–	–	–
Charge for the year	(150,260)	(7,609)	–	(157,869)
Derecognition	3,237	–	–	3,237
Exchange adjustments	(1,175)	(21)	–	(1,196)
At June 30, 2019	<u>(148,198)</u>	<u>(7,630)</u>	<u>–</u>	<u>(155,828)</u>
Charge for the year	(203,662)	(10,455)	–	(214,117)
Derecognition	51,458	5,099	–	56,557
Exchange adjustments	1,401	(32)	–	1,369
At June 30, 2020	<u>(299,001)</u>	<u>(13,018)</u>	<u>–</u>	<u>(312,019)</u>
Charge for the year	(205,344)	(8,146)	–	(213,490)
Derecognition	131,424	19,425	–	150,849
Exchange adjustments	13,033	191	–	13,224
At June 30, 2021	<u>(359,888)</u>	<u>(1,548)</u>	<u>–</u>	<u>(361,436)</u>
Charge for the period	(135,926)	(1,988)	(7,927)	(145,841)
Derecognition	126,900	1,470	–	128,370
Exchange adjustments	3,707	(1)	–	3,706
At December 31, 2021	<u>(365,207)</u>	<u>(2,067)</u>	<u>(7,927)</u>	<u>(375,201)</u>
<b>Impairment:</b>				
At July 1, 2018	(19,431)	–	–	(19,431)
Charge for the year	(12,987)	–	–	(12,987)
Transfer to assets held for sale	16,972	–	–	16,972
Exchange adjustments	(189)	–	–	(189)
At July 1, 2019	<u>(15,635)</u>	<u>–</u>	<u>–</u>	<u>(15,635)</u>
Charge for the year	(26,522)	–	–	(26,522)
Exchange adjustments	(471)	–	–	(471)
At June 30, 2020	<u>(42,628)</u>	<u>–</u>	<u>–</u>	<u>(42,628)</u>

	Property (Note (i))	Warehouse equipment (Note (ii))	Land use right (Note (iii))	Total
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Charge for the year	–	–	–	–
Derecognition	1,759	–	–	1,759
Exchange adjustments	3,073	–	–	3,073
At June 30, 2021	<u>(37,796)</u>	<u>–</u>	<u>–</u>	<u>(37,796)</u>
Charge for the period	–	–	–	–
Derecognition	–	–	–	–
Exchange adjustments	569	–	–	569
At December 31, 2021	<u>(37,227)</u>	<u>–</u>	<u>–</u>	<u>(37,227)</u>
<b>Net book value:</b>				
At June 30, 2019	<u>453,782</u>	<u>7,086</u>	<u>–</u>	<u>460,868</u>
At June 30, 2020	<u>491,028</u>	<u>11,839</u>	<u>–</u>	<u>502,867</u>
At June 30, 2021	<u>679,733</u>	<u>10,154</u>	<u>–</u>	<u>689,887</u>
At December 31, 2021	<u>609,554</u>	<u>8,581</u>	<u>1,773,668</u>	<u>2,391,803</u>

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				<i>(unaudited)</i>	
<b>Depreciation charge of right-of-use assets by class of underlying asset:</b>					
Property	150,260	203,662	205,344	96,630	135,926
Warehouse equipment	7,609	10,455	8,146	4,720	1,988
Land use right	–	–	–	–	7,927
	<u>157,869</u>	<u>214,117</u>	<u>213,490</u>	<u>101,350</u>	<u>145,841</u>

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities (Note 10)	22,845	26,117	26,817	12,798	16,964
Expense relating to short-term leases and other leases with remaining lease term ending on or before June 30	28,624	28,486	28,656	15,116	18,318
Variable lease payments not included in the measurement of lease liabilities	228	3,521	2,846	1,803	2,902
COVID-19 rent concessions	–	(12,802)	(42,698)	(13,137)	(28,249)

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 25(c) and Note 28, respectively.

*Notes:*

(i) Property – right-of-use assets

The Group leases properties for its offices space, warehouse storage and retail stores. The leases of offices space typically run for a period of two to fourteen years, leases of warehouse storage and retail stores typically run for two to ten years.

*Variable lease payments based on sales*

Some leases of self-operated stores contain variable lease payments, which typically range from 1% to 15% of the annual sales that each store makes in excess of a certain breakpoint predetermined with landlord. These terms are common in retail stores in countries such as United states, Canada and Singapore where the Group operates. The relative magnitude of variable lease payments to fixed payments is low given sales from most stores with variable lease payments terms did not exceed the breakpoints. The Group expects the relative proportions of variable lease payments to fixed lease payments to increase in future years when sales from these stores increase.

(ii) Warehouse equipment – right-of-use assets

The Group leases warehouse equipment, with lease terms of two to three years.

(iii) Land use right

The Group acquired the land use right of a parcel of land located in the PRC during the six months ended December 31, 2021 through the acquisition of a subsidiary as disclosed in Note 33(b), with a lease term of forty years. As of December 31, 2021, the land use right certificate has not yet been obtained.

(iv) Rental deposits

The refundable rental deposit itself is not part of the lease payments and is in the scope of IFRS 9. Therefore, the rental deposit should be measured at fair value on initial recognition. The difference between the initial fair value and the nominal value of the deposit is an additional lease payment made by the Group and it is included in the measurement of the right-of-use assets.

## (v) COVID-19-related concessions

As disclosed in Note 2(c), the Group has applied the practical expedient introduced by the Amendment and 2021 Amendment to all eligible rent concessions received by the Group during the years ended June 30, 2020 and 2021 and the six months ended December 31, 2021.

## 16 INTANGIBLE ASSETS

	<b>Software</b>
	<i>RMB'000</i>
<b>Cost:</b>	
At July 1, 2018	32,701
Purchases	28,800
Disposals	(647)
Transfer of assets held for sale	(1,609)
Exchange adjustments	63
	<hr/>
At June 30, 2019	59,308
	<hr/>
Purchases	36,304
Exchange adjustments	(45)
	<hr/>
At June 30, 2020	95,567
	<hr/>
Purchases	13,805
Disposals	(1,536)
Exchange adjustments	(253)
	<hr/>
At June 30, 2021	107,583
	<hr/>
Purchases	3,167
Exchange adjustments	(45)
	<hr/>
At December 31, 2021	110,705
	<hr/>
<b>Accumulated amortization:</b>	
At July 1, 2018	(1,223)
Charge for the year	(7,977)
Written off on disposal	105
Transfer of assets held for sale	45
Exchange adjustments	(10)
	<hr/>
At June 30, 2019	(9,060)
	<hr/>
Charge for the year	(17,071)
Exchange adjustments	16
	<hr/>
At June 30, 2020	(26,115)
	<hr/>



	<b>Software</b>
	<i>RMB'000</i>
Charge for the year	(21,022)
Written off on disposal	677
Exchange adjustments	223
	<hr/>
At June 30, 2021	(46,237)
	<hr/>
Charge for the period	(10,848)
Exchange adjustments	15
	<hr/>
At December 31, 2021	(57,070)
	<hr/>
<b>Impairment:</b>	
At July 1, 2018	–
Charge for the year	(369)
Exchange adjustments	(3)
	<hr/>
At June 30, 2019	(372)
	<hr/>
Charge for the year	–
Exchange adjustments	11
	<hr/>
At June 30, 2020	(361)
	<hr/>
Charge for the year	–
Exchange adjustments	20
	<hr/>
At June 30, 2021	(341)
	<hr/>
Charge for the period	–
Exchange adjustments	25
	<hr/>
At December 31, 2021	(316)
	<hr/>
<b>Net book value:</b>	
At June 30, 2019	49,876
	<hr/> <hr/>
At June 30, 2020	69,091
	<hr/> <hr/>
At June 30, 2021	61,005
	<hr/> <hr/>
At December 31, 2021	53,319
	<hr/> <hr/>

## 17 GOODWILL

	<i>RMB'000</i>
<b>Cost:</b>	
At July 1, 2018, June 30, 2019 and June 30, 2020	–
Acquisition through business combination ( <i>Note 33</i> )	19,640
	<hr/>
At June 30, 2021 and December 31, 2021	19,640
	<hr/>
<b>Impairment:</b>	
At July 1, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and December 31 2021	–
	<hr/>
<b>Carrying amount:</b>	
At June 30, 2019 and June 30, 2020	–
	<hr/> <hr/>
At June 30, 2021 and December 31, 2021	19,640
	<hr/> <hr/>

**Impairment tests for cash-generating unit (CGU) containing goodwill**

For the purpose of impairment testing, goodwill has been allocated to the Group's CGU as follows.

	<b>As at June 30, 2021</b>	<b>As at December 31, 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
MINISO SG Pte. Ltd.	19,640	19,640
	<hr/>	<hr/>
Total	19,640	19,640
	<hr/> <hr/>	<hr/> <hr/>

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing operation of the CGU, based on value-in-use calculation. The cash flow projection used in calculation was based on the financial forecasts approved by management covering a five-year period.

The key assumptions used in the estimation of value in use were as follows.

	<b>As at June 30, 2021</b>
Pre-tax discount rate	13.2%
Terminal value growth rate	1.4%
Revenue growth rate (average of next five years)	21.8%

The discount rate used was pre-tax and reflect specific risks relating to the CGU. Five years of cash flow were included in the discounted cash flow model. Cash flows beyond the five-year period were extrapolated using the terminal growth rate, which did not exceed the long-term average growth rates for the business in which the CGU operates. Revenue growth was based on expectations of future outcomes taking into account of the impact of COVID-19.

The headroom calculated based on the recoverable amounts deducting the carrying amount of and goodwill allocated for the CGU was approximated RMB10,741,000 as at June 30, 2021.

The Company performed the sensitivity analysis based on the assumption that pre-tax discount rate and revenue growth rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

	<u>As at June 30,</u>
	<u>2021</u>
	<i>RMB'000</i>
Pre-tax discount rate increase by 5%	7,363
Revenue growth rate (average of next five years) decrease by 2%	151

With regards to the assessment of the value in use of the CGU, the directors of the Company believe that reasonable possible changes in above key assumptions would not lead to the carrying value, including goodwill, of the CGU to exceed the recoverable amount as at June 30, 2021.

## 18 PREPAYMENTS

	<u>As at June 30,</u>			<u>As at</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>December 31,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayment for construction of a new headquarter building (Note 33(b))	–	–	–	200,000
Prepayment for purchase of apartments	–	–	133,458	–
Others	–	6,112	5,023	3,390
Total	<u>–</u>	<u>6,112</u>	<u>138,481</u>	<u>203,390</u>

In June 2021, the Group paid first instalment of RMB133,458,000 for the purchase of apartments, for the use of staff accommodation in future.

## 19 INTEREST IN AN EQUITY-ACCOUNTED INVESTEE

In December 2020, the Company formed the entity YGF Investment V Limited (“YGF Investment”) in the BVI together with YGF MC Limited, a company controlled by the Controlling Shareholders, to acquire the land use right of a parcel of land in the PRC and to build a new headquarter building through the YGF Investment’s subsidiary in the PRC. The Company and YGF MC Limited held 20% and 80% of the shares of YGF Investment, respectively. As of June 30, 2021, the Company invested RMB356,000,000 in YGF Investment by cash and accounted for the entity using the equity method in the Historical Financial Information.

Summarized financial information of YGF Investment adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated statement of financial position as at June 30, 2021, are disclosed below:

	<i>RMB'000</i>
<i>Gross amounts of YGF Investment</i>	
Current assets	1,416,584
Non-current assets	1,781,081
Current liabilities	1,437,355
Equity	1,760,310
Revenue	–
Net loss for the year	(19,690)
Total comprehensive loss for the year	(19,690)
<i>Reconciled to the Group's interest in the equity-accounted investee</i>	
Gross amount of net assets of the equity-accounted investee	1,760,310
Group's effective interest	20%
Carrying amount in the Historical Financial Information	<u>352,062</u>

On October 27, 2021, the Company acquired the remaining 80% interest in YGF Investment and YGF Investment became a wholly-owned subsidiary of the Group since then. The directors of the Company determined that the transaction constituted an acquisition of assets and liabilities through acquisition of a subsidiary, as such, the previous 20% interest in YGF Investment was included as part of the cost of the acquisition and was not remeasured at the date of acquisition. Details of the acquisition is set out in Note 33(b).

## 20 OTHER INVESTMENTS

	<b>As at June 30,</b>			<b>As at</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>December 31,</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets measured at FVTPL				
– Investments in wealth management products	245,714	–	–	–
– Investment in an asset management scheme	110,551	–	–	–
– Investment in trust investment schemes	–	–	102,968	208,289
	<u>356,265</u>	<u>–</u>	<u>102,968</u>	<u>208,289</u>

As at June 30, 2019, the Group invested in certain wealth management products managed by banks in the PRC, which included the following:

- Wealth management products with an aggregate principal amount of RMB132,800,000, which are redeemable on demand. The underlying investment portfolio of these wealth management products mainly include money market instruments and other financial instruments with fixed return. Among these wealth management products, principal amount of RMB82,800,000 is guaranteed to be fully recoverable while RMB50,000,000 is not guaranteed. Return of investment in these wealth management products is not guaranteed; and
- Wealth management products with an aggregate principal amount of RMB112,000,000, which are with an original maturity of less than one year and with principal guaranteed. Return of these investments are calculated at floating rates which are determined by reference to LIBOR.

Fair values of the above investments in wealth management products as at June 30, 2019 are estimated to be RMB245,714,000. As of June 30, 2020, investments in the above wealth management products have been redeemed.

The Group also invested in an asset management scheme (“Asset Scheme”) which was established solely for MINISO Guangzhou and managed by an asset management company in the PRC for a period of one year starting from the date of establishment on April 22, 2019 (“Investment Period”). Pursuant to the agreement, the Asset Scheme is designated to make investments in debt securities, while the principal and return of the investment are not guaranteed. The initial investment amount is required to be not less than RMB10,000,000 and the accumulated investment amount as of June 30, 2019 was RMB110,000,000. The Investment Period is allowed to be early terminated or extended upon agreement on both parties. Partial redemption is permitted during the Investment Period if the remaining net asset value after the redemption will not be less than RMB10,000,000. The fair value of the investment in the Scheme as of June 30, 2019 was estimated to be RMB110,551,000. On June 22, 2020, the Group agreed with the asset management company to terminate the Asset Scheme and redeemed the accumulated investments under the Asset Scheme with principal amount of RMB120,000,000.

In December 2020, the Group invested in a trust investment scheme (“Trust Scheme A”) established and managed by a trust company as the trustee with the principal of RMB100,000,000 and an initial investment period of within one year. The Group subsequently extended the investment period to March 2022. Pursuant to the agreement, the Trust Scheme A is designated to make the majority of its investments in debt securities, while the principal and return of the investment are not guaranteed. Fair value of this investment as of June 30, 2021 and December 31, 2021 was estimated to be RMB102,968,000 and RMB105,222,000, respectively.

In July 2021, the Group invested in another trust investment scheme (“Trust Scheme B”) established and managed by a trust company as the trustee with the principal of RMB100,000,000 and an initial investment period of within one year. Pursuant to the agreement, the Trust Scheme B is designated to make the majority of its investments in debt securities, while the principal and return of the investment are not guaranteed. Fair value of this investment as of December 31, 2021 was estimated to be RMB103,067,000.

Information about the Group’s exposure to credit and market risks, and fair value measurement, is included in Note 34.

## 21 INVENTORIES

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Finished goods	1,303,848	1,390,312	1,491,328	1,358,035
Low-value consumables	5,109	5,362	4,733	2,959
	<u>1,308,957</u>	<u>1,395,674</u>	<u>1,496,061</u>	<u>1,360,994</u>

- (a) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	For the year ended June 30,			For the six months ended	
	2019	2020	2021	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Carrying amount of inventories sold	6,793,986	6,178,145	6,632,530	3,158,483	3,797,276
Write-down/(reversal of write-down) of inventories	89,945	68,343	(51,074)	20,968	(34,686)
Cost of inventories recognized in consolidated statements of profit or loss	<u>6,883,931</u>	<u>6,246,488</u>	<u>6,581,456</u>	<u>3,179,451</u>	<u>3,762,590</u>

## 22 TRADE AND OTHER RECEIVABLES

	Note	As at June 30,			As at
		2019	2020	2021	December 31,
		RMB'000	RMB'000	RMB'000	2021
					RMB'000
<b>Current</b>					
Trade receivables		409,059	329,875	374,828	435,744
Less: loss allowance	34(a)	(91,726)	(43,183)	(59,827)	(77,064)
Trade receivables, net of loss allowance		317,333	286,692	315,001	358,680
Amounts due from related parties	37(c)	140,659	14,065	1,791	5,024
Miscellaneous expenses paid on behalf of franchisees		112,588	197,473	192,072	211,617
Value-added tax ("VAT") recoverable		98,805	49,687	79,590	157,373
Rental deposits		57,925	63,882	94,423	111,473
Receivables due from online payment platforms and banks (i)		31,432	16,498	33,309	117,285
Prepayments for inventories		30,927	65,502	38,758	46,813
Prepayments for licensing expenses		2,971	–	11,503	23,105
Others		38,111	36,090	58,278	82,136
		<u>830,751</u>	<u>729,889</u>	<u>824,725</u>	<u>1,113,506</u>

## Notes:

- (i) Receivables from online payment platforms mainly represented the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms could be made anytime upon the Group's instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.
- (ii) All of trade and other receivables classified as current portion are expected to be recovered or recognized as expense within one year.
- (iii) Trade debtors are due within 30 to 180 days from the date of revenue recognition for domestic and overseas customers respectively. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in Note 34(a).

## Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Within 90 days	244,851	162,719	231,643	254,186
91 to 180 days	37,034	44,804	35,853	59,884
181 to 360 days	24,538	61,521	24,603	32,995
361 to 540 days	10,910	13,503	18,553	9,164
Over 540 days	–	4,145	4,349	2,451
	<u>317,333</u>	<u>286,692</u>	<u>315,001</u>	<u>358,680</u>

## 23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

## The Group

	As at June 30,			As at
				December 31,
	2019	2020	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	609	479	549	680
Cash at bank	1,535,671	2,853,501	6,771,104	5,150,776
Cash equivalents	10,000	–	–	–
Cash and cash equivalents as presented in the consolidated statements of financial position	<u>1,546,280</u>	<u>2,853,980</u>	<u>6,771,653</u>	<u>5,151,456</u>
Cash and cash equivalents of discontinued operations	<u>139,938</u>	<u>–</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents as presented in the consolidated statements of cash flows	<u>1,686,218</u>	<u>2,853,980</u>	<u>6,771,653</u>	<u>5,151,456</u>

## The Company

As at June 30, 2020 and 2021 and December 31, 2021, cash and cash equivalents comprise cash at bank amounting to RMB153,889,000, RMB925,638,000 and RMB402,937,000, respectively.

## 24 RESTRICTED CASH

	As at June 30,			As at
				December 31,
	2019	2020	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash	<u>8,917</u>	<u>7,056</u>	<u>3,680</u>	<u>7,347</u>

Restricted cash represents cash held in an escrow bank account in the PRC with designated usage of settlement with franchisees.



## 25 CASH FLOW INFORMATION

## (a) Reconciliation of (loss)/profit for the year to cash generated from operations:

Note	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
<b>(Loss)/profit for the year/period</b>	(294,409)	(260,176)	(1,429,447)	(1,655,567)	338,618
Less: Loss from discontinued operations for the year/period	303,830	130,045	–	–	–
<b>Profit/(loss) from continuing operations for the year/period</b>	9,421	(130,131)	(1,429,447)	(1,655,567)	338,618
Adjustments for:					
Interest on lease liabilities	10	22,845	26,117	26,817	12,798
Depreciation and amortization	8	191,778	268,669	265,019	125,383
Interest on loans and borrowings	10	2,364	5,221	1,545	1,062
Interest income	10	(7,311)	(25,608)	(40,433)	(23,044)
Investment income from other investments	9	(1,348)	(26,387)	(66,837)	(14,965)
Net change in fair value of other investments	9	(1,465)	1,465	(2,968)	(437)
Losses on disposal of property, plant and equipment and intangible assets	9	1,611	2,526	2,317	795
Impairment loss on non-current assets		27,542	36,844	2,941	–
Unrealized foreign exchange (gain)/loss		(8,844)	6,064	(46,378)	(21,293)
Effect of lease contract cancellation		(839)	657	(2,630)	(97)
Fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights		709,780	680,033	1,625,287	1,625,287
Share of loss of an equity-accounted investee, net of tax		–	–	4,011	–
Equity-settled share-based payment expenses	8	122,058	364,380	281,319	216,377
Income tax	11(a)	279,583	210,949	213,255	91,615
Changes in working capital:					
Inventories		(392,824)	(86,717)	(93,197)	(17,627)
Trade and other receivables		83,656	(120,235)	(80,087)	(35,698)
Contract liabilities		119,048	(29,033)	34,353	67,894
Trade and other payables		509,851	50,310	386,703	484,511
Restricted cash		(6,262)	1,861	3,376	6,518
Deferred income		–	–	26,065	29,360
<b>Cash generated from operations</b>		<b>1,660,644</b>	<b>1,236,985</b>	<b>1,111,031</b>	<b>892,872</b>
		<b>840,842</b>			

## (b) Reconciliation of liabilities arising from financing activities:

	Loans and borrowings	Paid-in capital subject to redemption and other preferential rights	Interest payable	Lease liabilities	Other payables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 26</i>			<i>Note 28</i>		
<b>At July 1, 2018</b>	21,228	–	674	460,679	–	482,581
<b>Changes from financing cash flows:</b>						
Proceeds from the issue of paid-in capital subject to redemption and other preferential rights	–	991,514	–	–	–	991,514
Proceeds from loans and borrowings	1,375	–	–	–	–	1,375
Repayment of loans and borrowings	(14,795)	–	–	–	–	(14,795)
Interest of loans and borrowings paid	–	–	(1,383)	–	–	(1,383)
Payment of capital element and interest element of lease liabilities	–	–	–	(166,781)	–	(166,781)
Payments for acquisition of subsidiaries	–	–	–	–	(122,923)	(122,923)
Total changes from financing cash flows	(13,420)	991,514	(1,383)	(166,781)	(122,923)	687,007
Exchange adjustments	252	–	–	9,042	–	9,294
<b>Other changes:</b>						
Transfer of liabilities directly associated with the assets held for sale	–	–	–	(41,055)	–	(41,055)
Fair value changes of paid-in capital subject to redemption and other preferential rights	–	709,780	–	–	–	709,780
Increase in lease liabilities from entering into new leases during the year	–	–	–	228,324	–	228,324
Decrease in lease liabilities from derecognition	–	–	–	(16,484)	–	(16,484)
Increase in interest expenses	–	–	2,364	22,845	–	25,209
Increase in payable in connection with acquisition of subsidiaries under common control	–	–	–	–	133,394	133,394
Total other changes	–	709,780	2,364	193,630	133,394	1,039,168
<b>At June 30, 2019</b>	<b>8,060</b>	<b>1,701,294</b>	<b>1,655</b>	<b>496,570</b>	<b>10,471</b>	<b>2,218,050</b>

	Paid-in capital subject to redemption and other preferential rights/Redeemable					
	shares with other preferential rights	Interest payable	Lease liabilities	Other payables	Total	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	
	<i>Note 26</i>		<i>Note 28</i>			
<b>At July 1, 2019</b>	8,060	1,701,294	1,655	496,570	10,471	2,218,050
<b>Changes from financing cash flows:</b>						
Proceeds from loans and borrowings	410,734	-	-	-	-	410,734
Repayment of loans and borrowings	(2,889)	-	-	-	-	(2,889)
Interest of loans and borrowings paid	-	-	(6,266)	-	-	(6,266)
Payment of capital element and interest element of lease liabilities	-	-	-	(193,827)	-	(193,827)
Payments for acquisition of subsidiaries under common control	-	-	-	(10,471)	-	(10,471)
Total changes from financing cash flows	407,845	-	(6,266)	(193,827)	(10,471)	197,281
Exchange adjustments	484	-	-	(9,939)	-	(9,455)
<b>Other changes:</b>						
Fair value changes of redeemable shares with other preferential rights	-	680,033	-	-	-	680,033
Increase in lease liabilities from entering into new leases during the year	-	-	-	298,516	-	298,516
Decrease in lease liabilities from derecognition	-	-	-	(14,463)	-	(14,463)
Increase in interest expenses	-	-	5,221	26,117	-	31,338
Total other changes	-	680,033	5,221	310,170	-	995,424
<b>At June 30, 2020</b>	416,389	2,381,327	610	602,974	-	3,401,300

	<b>Loans and borrowings</b>	<b>Redeemable shares with other preferential rights</b>	<b>Interest payable</b>	<b>Lease liabilities</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 26</i>			<i>Note 28</i>	
<b>At July 1, 2020</b>	416,389	2,381,327	610	602,974	3,401,300
<b>Additions through business combination</b>	21,979	–	–	38,713	60,692
<b>Changes from financing cash flows:</b>					
Proceeds from loans and borrowings	313	–	–	–	313
Repayment of loans and borrowings	(416,588)	–	–	–	(416,588)
Interest of loans and borrowings paid	–	–	(1,488)	–	(1,488)
Payment of capital element and interest element of lease liabilities	–	–	–	(215,762)	(215,762)
Total changes from financing cash flows	(416,275)	–	(1,488)	(215,762)	(633,525)
Exchange adjustments	(1,499)	(42,771)	–	(22,607)	(66,877)
<b>Other changes:</b>					
Fair value changes of redeemable shares with other preferential rights	–	1,625,287	–	–	1,625,287
Decrease in redeemable shares with other preferential rights	–	(3,963,843)	–	–	(3,963,843)
Increase in lease liabilities from entering into new leases during the year	–	–	–	403,955	403,955
Decrease in lease liabilities from derecognition	–	–	–	(29,678)	(29,678)
Increase in interest expenses	–	–	1,545	26,817	28,362
Total other changes	–	(2,338,556)	1,545	401,094	(1,935,917)
<b>At June 30, 2021</b>	<b>20,594</b>	<b>–</b>	<b>667</b>	<b>804,412</b>	<b>825,673</b>

	<b>Loans and borrowings</b>	<b>Redeemable shares with other preferential rights</b>	<b>Interest payable</b>	<b>Lease liabilities</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 26</i>			<i>Note 28</i>	
<b>At July 1, 2020</b>	416,389	2,381,327	610	602,974	3,401,300
<b>Changes from financing cash flows:</b>					
Repayment of loans and borrowings	(400,267)	–	–	–	(400,267)
Interest of loans and borrowings paid	–	–	(1,488)	–	(1,488)
Payment of capital element and interest element of lease liabilities	–	–	–	(140,082)	(140,082)
Total changes from financing cash flows	(400,267)	–	(1,488)	(140,082)	(541,837)
Exchange adjustments	(2,028)	(42,771)	(95)	21,973	(22,921)
<b>Other changes:</b>					
Fair value changes of redeemable shares with other preferential rights	–	1,625,287	–	–	1,625,287
Decrease in redeemable shares with other preferential rights	–	(3,963,843)	–	–	(3,963,843)
Increase in lease liabilities from entering into new leases during the year	–	–	–	99,438	99,438
Decrease in lease liabilities from derecognition	–	–	–	(3,119)	(3,119)
Increase in interest expenses	–	–	1,062	12,798	13,860
Total other changes	–	(2,338,556)	1,062	109,117	(2,228,377)
<b>At December 31, 2020 (unaudited)</b>	<b>14,094</b>	<b>–</b>	<b>89</b>	<b>593,982</b>	<b>608,165</b>

	Loans and borrowings	Redeemable shares with other preferential rights	Interest payable	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 26</i>			<i>Note 28</i>	
<b>At July 1, 2021</b>	20,594	–	667	804,412	825,673
<b>Changes from financing cash flows:</b>					
Repayment of loans and borrowings	(503)	–	–	–	(503)
Interest of loans and borrowings paid	–	–	(881)	–	(881)
Payment of capital element and interest element of lease liabilities	–	–	–	(163,716)	(163,716)
Total changes from financing cash flows	(503)	–	(881)	(163,716)	(165,100)
Exchange adjustments	8	–	–	(1,884)	(1,876)
<b>Other changes:</b>					
Increase in lease liabilities from entering into new leases during the year	–	–	–	156,717	156,717
Decrease in lease liabilities from derecognition	–	–	–	(132,764)	(132,764)
Increase in interest expenses	–	–	302	16,964	17,266
Forgiveness of loans and borrowings	(8,548)	–	–	–	(8,548)
Total other changes	(8,548)	–	302	40,917	32,671
<b>At December 31, 2021</b>	<u>11,551</u>	<u>–</u>	<u>88</u>	<u>679,729</u>	<u>691,368</u>

## (c) Total cash out flow for leases:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Within operating cash flows	(28,852)	(32,007)	(31,502)	(16,919)	(21,220)
Within financing cash flows	(166,781)	(193,827)	(215,762)	(140,082)	(163,716)
	<u>(195,633)</u>	<u>(225,834)</u>	<u>(247,264)</u>	<u>(157,001)</u>	<u>(184,936)</u>

**(d) Non-cash transactions**

Non-cash transactions incurred during the year ended June 30, 2019 mainly comprised the following:

- (i) Capital injection in a subsidiary amounting to RMB24,259,000 by way of capitalization of other payables.
- (ii) Waived liabilities in a subsidiary amounting to RMB19,270,000 recognized as an addition to additional paid-in capital and non-controlling interests.
- (iii) Deemed distribution to equity shareholders as described in Note 31(c).

No significant non-cash transaction incurred during the year ended June 30, 2020.

Non-cash transactions incurred during the year ended June 30, 2021 mainly comprised the conversion of redeemable shares with other preferential rights into ordinary shares upon the date of completion of IPO. The redeemable shares with other preferential rights amounting to RMB3,963,843,000 as of the date of conversion were transferred from liabilities to equity upon the date of completion of IPO.

No significant non-cash transaction incurred during the six months ended December 31, 2021.

**26 LOANS AND BORROWINGS****(a) The analysis of the carrying amount of loans and borrowings is as follows:**

	Note	As at June 30,			As at
		2019	2020	2021	December 31,
		RMB'000	RMB'000	RMB'000	2021
				RMB'000	
<b>Non-current liabilities</b>					
Unsecured bank loans	(i)	–	9,777	–	–
Borrowings from former and existing non-controlling interest shareholders	(ii)	5,310	5,430	6,612	6,369
Other borrowings		–	–	313	–
		<u>5,310</u>	<u>15,207</u>	<u>6,925</u>	<u>6,369</u>
<b>Current liabilities</b>					
Current portion of unsecured bank loans	(i)	–	–	8,921	–
Current portion of borrowings from former and existing non-controlling interest shareholders	(ii)	–	–	4,748	4,882
Unsecured bank loans	(iii)	–	400,000	–	–
Other borrowings		2,750	1,182	–	300
		<u>2,750</u>	<u>401,182</u>	<u>13,669</u>	<u>5,182</u>



*Notes:*

- (i) In April 2020, under the rules issued by the U.S. Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "Paycheck Protection Program Rule"), the subsidiaries in the U.S. obtained unsecured bank loans with an aggregated amount of USD1,381,000 (equivalent to RMB9,777,000 and RMB8,921,000 on June 30, 2020 and 2021, respectively). The loans bear an interest rate of 0.98% per annum with a term of 2 years and will expire in April 2022. Under the Paycheck Protection Program Rule, loan forgiveness will be provided for documented payroll costs and covered rent payments and utilities that qualify SBA requirements. As of June 30, 2020 and 2021, the Group had not qualified for the loan forgiveness. During the six months ended December 31, 2021, the Group was assessed to be qualified for a loan forgiveness for an amount of USD1,320,000 (equivalent to RMB8,550,000) and recognized such amount in the consolidated statement of profit or loss. The remaining loan balance of USD80,000 was repaid in September 2021.
- (ii) The long-term borrowings from former and existing non-controlling interest shareholders outstanding as of June 30, 2019 and 2020 mainly comprised a loan with principal amount of IDR10,600,000,000 (equivalent to RMB5,172,000 and RMB5,289,000 on June 30, 2019 and 2020 respectively) and bearing an interest rate of 6% per annum. The loan was with a term of 5 years and will expire in April 2022. The loan was classified as current liability as of June 30, 2021 and December 31, 2021, equivalent to RMB4,748,000 and RMB4,755,000 on June 30, 2021 and December 31, 2021 respectively.

The long-term borrowings from non-controlling interest shareholders outstanding as at June 30, 2021 and December 31, 2021 represented two loans:

- a loan obtained in a subsidiary acquired during the year ended June 30, 2021 with principal amount of SGD1,350,000 (equivalent to RMB6,484,000 on June 30, 2021). The loan bears an interest rate of 3% per annum and as agreed with the lender. As agreed with the lender, the loan is not required to be repaid until certain performance conditions are met by the subsidiary. As of June 30, 2021 and December 31, 2021, such performance conditions were not expected to be met within one year.
  - a loan with principal amount of USD20,000 (equivalent to RMB141,000 and RMB128,000 on June 30, 2020 and 2021, respectively) and bearing interest rate of 9% per annum. The loan was with a term of 5 years and will expire in December 2022. The loan was reclassified as current liabilities as of December 31, 2021.
- (iii) The unsecured bank loans outstanding as at June 30, 2020 under current liabilities included the following three loans:
- An unsecured loan of RMB50,000,000 obtained from a bank in the PRC on December 17, 2019, with a term of 1 year and bearing an interest rate of 4.15% per annum;
  - An unsecured loan of RMB150,000,000 obtained from a bank in the PRC on March 16, 2020, with maturity date at September 12, 2020 and bearing an interest rate of 3.70% per annum; and
  - An unsecured loan of RMB200,000,000 obtained from a bank in the PRC on February 28, 2020, with a term of 1 year and bearing an interest rate of 3.85% per annum. The loan was subject to the fulfilment of covenants relating to certain financial ratios of MINISO Guangzhou. As of June 30, 2020, MINISO Guangzhou did not meet certain financial ratios and the loan has become repayable on demand.

The above three loans were fully repaid in July 2020.

Information about the Group's exposure to interest rates, foreign currency and liquidity risks is included in Note 34.

**(b) Terms and repayment schedule**

At the end of reporting periods, the loans and borrowings were repayable as follows:

	As at June 30,			As at
	2019	2020	2021	December 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
Within 1 year or on demand	2,750	401,182	13,669	5,182
After 1 year but within 2 years	–	15,066	442	–
After 2 years but within 5 years	5,310	141	1,297	6,369
More than 5 years	–	–	5,186	–
	5,310	15,207	6,925	6,369
	8,060	416,389	20,594	11,551

**27 TRADE AND OTHER PAYABLES**

	As at June 30,			As at
	2019	2020	2021	December 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
Trade payables	591,342	483,278	624,688	735,029
Payroll payable	45,931	38,363	63,621	95,054
Accrued expenses	43,615	108,351	155,698	195,949
Other taxes payable	16,622	39,936	20,633	110,943
Deposits	1,527,852	1,655,763	1,833,516	1,875,173
Amounts due to related parties (Note 37(c))	27,823	17,664	7,490	11,977
Others	110,554	76,440	103,536	164,961
	2,363,739	2,419,795	2,809,182	3,189,086

Information about the Group's exposure to currency and liquidity risks is included in Note 34.

The credit period granted by suppliers is 30 to 60 days.

Deposits received from suppliers, distributors and franchisees may be repayable to suppliers, distributors and franchisees after more than one year. All of the other trade payables, other payables, accruals and amounts due to related parties or franchisees are expected to be settled within one year or are repayable on demand.

## Aging analysis

As of the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at June 30,			As at
	2019	2020	2021	December 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
Within 1 month	561,654	403,969	558,743	694,020
1 to 3 months	12,077	65,646	41,176	19,778
3 months to 1 year	17,611	6,963	10,322	7,354
Over 1 year	–	6,700	14,447	13,050
	<u>591,342</u>	<u>483,278</u>	<u>624,688</u>	<u>734,202</u>

## 28 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods:

	As at June 30, 2019		As at June 30, 2020		As at June 30, 2021		As at	
	Present value of the minimum lease payments		Present value of the minimum lease payments		Present value of the minimum lease payments		Present value of the minimum lease payments	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	186,737	190,721	224,080	228,249	321,268	342,211	268,425	282,543
After 1 year but within 2 years	129,998	138,830	157,899	168,804	203,467	217,229	172,747	184,583
After 2 years but within 5 years	153,324	176,095	176,028	202,826	239,995	277,726	201,844	232,372
After 5 years	26,511	35,624	44,967	60,748	39,682	54,848	36,713	50,058
	<u>309,833</u>	<u>350,549</u>	<u>378,894</u>	<u>432,378</u>	<u>483,144</u>	<u>549,803</u>	<u>411,304</u>	<u>467,013</u>
	<u>496,570</u>	<u>541,270</u>	<u>602,974</u>	<u>660,627</u>	<u>804,412</u>	<u>892,014</u>	<u>679,729</u>	<u>749,556</u>
Less: total future interest expenses		<u>(44,700)</u>		<u>(57,653)</u>		<u>(87,602)</u>		<u>(69,827)</u>
Present value of lease liabilities		<u>496,570</u>		<u>602,974</u>		<u>804,412</u>		<u>679,729</u>

## 29 DEFERRED INCOME

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
<b>Deferred income from depositary bank</b>				
Non-current portion	–	–	20,005	16,729
Current portion	–	–	6,060	5,980
	–	–	26,065	22,709

The Company received an initial payment of USD4,690,000 (equivalent to RMB30,995,000) from depositary bank in December 2020, in connection with the establishment and maintenance of depositary receipt. The amount was amortized using the straight-line method over a five-year arrangement period. During the year ended June 30, 2021 and the six months ended December 31, 2021, the Company recorded RMB4,274,000 and RMB3,056,000, respectively in other income.

## 30 PAID-IN CAPITAL SUBJECT TO REDEMPTION AND OTHER PREFERENTIAL RIGHTS/REDEEMABLE SHARES WITH OTHER PREFERENTIAL RIGHTS

Pursuant to the share subscription agreement and the shareholders agreement (the “Prior Shareholders Agreements”) entered into on September 29, 2018, two investors, HH SPR-XIV HK Holdings Limited (“Hillhouse”), Tencent Mobility Limited and Easy Land Limited (together as “Tencent”) each acquired 5.3763% equity interests in MINISO Guangzhou at a consideration of USD72,683,000 (equivalent to RMB491,514,000) and RMB500,000,000 respectively (collectively “Original Issue Price”). The transaction was closed on December 27, 2018. The equity interests held by Hillhouse and Tencent, collectively “Investor Shareholders”, included certain redemption and other preferential rights as set forth below.

## (a) Redemption rights

Investor Shareholders could require the Founders to redeem all or any of their equity interests, upon the occurrence of any of the following redemption events:

- (1) any material violation of laws or regulations by the Founders, MINISO Guangzhou or any of its subsidiaries;
- (2) any shareholder that is not an Investor Shareholder requests a redemption by MINISO Guangzhou and/or the Founders;
- (3) MINISO Guangzhou fails to meet the applicable listing conditions of a qualified stock exchange and fails to consummate a qualified IPO by the 7th anniversary of December 27, 2018;
- (4) MINISO Guangzhou fails to consummate a qualified IPO by the 7th anniversary of December 27, 2018 due to reasons other than those listed in (3) above;
- (5) MINISO Guangzhou has satisfied the applicable listing conditions of a qualified stock exchange but MINISO Guangzhou failed to initiate the listing application process within three months upon any Investor Shareholders’ request;
- (6) MINISO Guangzhou fails to consummate a reorganization within the timeline agreed in a separate agreement;
- (7) MINISO Guangzhou or any of its subsidiaries has suffered severe difficulties in the operation of the business caused by the Founders (including but not limited to any operating risk suffered by any other business that any Founder directly or indirectly operates); or

- (8) material adverse changes in applicable law have caused severe difficulties in the operation of the business of MINISO Guangzhou or any of its subsidiaries.

The redemption price shall be equal to the higher of (i) or (ii) below: (i) the applicable investment amounts, plus declared and unpaid dividends, and plus an amount that would give Investor Shareholders a simple non-compounded interest equal to the redemption return rate on the applicable investment amounts calculated from December 27, 2018 up until the date of receipt by such holders of the full redemption amount thereof, and (ii) the fair market value of respective equity interests held by the Investor Shareholders as of the date of redemption notice.

Upon exercise of the redemption rights under redemption events (2), (3) and (8), the redemption return rate is 10% per annum. Upon exercise of the redemption rights under redemption events (1) and (4) to (7), the redemption return rate is 25% per annum.

The redemption rights held by the Investor Shareholders shall terminate immediately after the consummation of a qualified IPO.

**(b) Liquidation preferences**

In the event of a liquidation, dissolution or winding up of MINISO Guangzhou, or in the event of any deemed liquidation events as set out below, Investor Shareholders shall be entitled to receive, prior and in preference to distribution of any of the assets or surplus funds of MINISO Guangzhou to any shareholder that is not an Investor Shareholder, the amount equal to the higher of (i) or (ii) below: (i) the applicable investment amounts, plus declared and unpaid dividends, plus an amount that would give Investor Shareholders a simple non-compounded interest of 10% per annum on the applicable investment amounts calculated from December 27, 2018 up until the date of receipt by such holders of the full liquidation preference amount thereof, and (ii) the fair market value of respective equity interests held by the Investor Shareholders as of the notice date of exercise of liquidation preferences. The shareholders other than Investor Shareholders shall procure that distributions to Investor Shareholders be made in the above manners.

Deemed liquidation events include (i) any transaction or series of transactions, whether by merger, reorganization, sale or issuance of equity or other arrangements which would result in a change of controlling shareholders of MINISO Guangzhou (ii) a disposition of all or substantially all of the assets of MINISO Guangzhou and its subsidiaries, including intangible assets.

The liquidation preferences held by the Investor Shareholders shall terminate immediately after the consummation of a qualified IPO.

The Group classified these paid-in capital subject to redemption with other preferential rights as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statement of profit or loss for the year ended June 30, 2019.

During the Reorganization as discussed in Note 1.2, the Company was established as the new holding company of the Group. As part of the Reorganization, Hillhouse and Tencent fully withdrew their investments from MINISO Guangzhou and re-invested the same amount in the Company, becoming the shareholders of the Company in February 2020. The Prior Shareholders Agreements of MINISO Guangzhou was superseded in its entirety by a new share subscription agreement and a new shareholders agreement (the "New Shareholders Agreements"), under which Hillhouse and Tencent each subscribed 58,833,418 Series A preferred shares in the Company and each hold 5.3763% shares in the Company. The substantial rights and obligations in respect of the Series A preferred shares held by Hillhouse and Tencent, including the redemption rights and liquidation preferences, remained substantially consistent under the Prior Shareholders Agreement and the New Shareholders Agreements, except that the redemption obligation changed from the Founders to the Company. The redemption and other preferential rights of the Series A preferred shares are set forth below.

**(a) Redemption rights**

Investor Shareholders could require the Company to redeem all or any of their equity interests, upon the occurrence of any of the following redemption events:

- (1) any material violation of laws or regulations by the Founders, or any of the Group companies;
- (2) any shareholder that is not an Investor Shareholder requests a redemption by the Company and/or the Founders;
- (3) the Company fails to meet the applicable listing conditions of a qualified stock exchange and fails to consummate a qualified IPO by the 7th anniversary of December 27, 2018;
- (4) the Company fails to consummate a qualified IPO by the 7th anniversary of December 27, 2018 due to reasons other than those listed in (3) above;
- (5) the Company has satisfied the applicable listing conditions of a qualified stock exchange, but the Company failed to initiate the listing application process within three months upon any Investor Shareholders' request;
- (6) any Group companies suffered severe difficulties in the operation of the business caused by the Founders (including but not limited to any operating risk suffered by any other business that any Founder directly or indirectly operates); or
- (7) material adverse changes in applicable law have caused severe difficulties in the operation of the business of any Group companies.

The redemption price shall be equal to the higher of (i) or (ii) below: (i) the applicable Original Issue Price, plus declared and unpaid dividends, and plus an amount that would give Investor Shareholders a simple non-compounded interest equal to the redemption return rate on the applicable Original Issue Price calculated from the original issue date (i.e. December 27, 2018) up until the date of receipt by such holders of the full redemption amount thereof, and (ii) the fair market value of respective Series A preferred shares held by the Investor Shareholders as of the date of redemption notice.

Upon exercise of the redemption rights under redemption events (2), (3) and (7), the redemption return rate is 10% per annum. Upon exercise of the redemption rights under redemption events (1) and (4) to (6), the redemption return rate is 25% per annum.

The redemption rights held by the Investor Shareholders shall terminate immediately after the consummation of a qualified IPO.

**(b) Liquidation preferences**

In the event of a liquidation, dissolution or winding up of the Company, or in the event of any deemed liquidation events as set out below, Investor Shareholders shall be entitled to receive, prior and in preference to distribution of any of the assets or surplus funds of the Company to any shareholder that is not an Investor Shareholder, the amount equal to the higher of (i) or (ii) below: (i) the applicable Original Issue Price, plus declared and unpaid dividends, plus an amount that would give Investor Shareholders a simple non-compounded interest of 10% per annum on the applicable Original Issue Price calculated from the original issue date (i.e. December 27, 2018) up until the date of receipt by such holders of the full liquidation preference amount thereof, and (ii) the fair market value of respective Series A preferred shares held by the Investor Shareholders as of the notice date of exercise of liquidation preferences. The shareholders other than Investor Shareholders shall procure that distributions to Investor Shareholders be made in the above manners.

Deemed liquidation events include (i) any transaction or series of transactions, whether by merger, reorganization, sale or issuance of equity or other arrangements which would result in a change of controlling shareholders of the Company (ii) a disposition of all or substantially all of the Group companies as a whole, or (iii) a sale or exclusive licensing of all or substantially all of the intellectual property owned by the Group companies as a whole.

The liquidation preferences held by the Investor Shareholders shall terminate immediately after the consummation of a qualified IPO.

The redemption and other preferential rights included in the Series A preferred shares of the Company held by Hillhouse and Tencent are considered as a continuation of the redemption and other preferential rights included in the equity interests in MINISO Guangzhou held by Hillhouse and Tencent, since there were no significant changes in the economic substance of the redemption and preferential rights, except that the redemption obligation changed from the Founders to the Company. The Group classified these redeemable shares with other preferential rights as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statement of profit or loss for the year ended June 30, 2020 and 2021.

Upon the completion of IPO of the Company on October 15, 2020, all the redemption and other preferential rights entitled to the Investor Shareholders lapsed and the Series A preferred shares held by the Investor Shareholders were converted and re-designated into Class A ordinary shares on a one-for-one basis. Accordingly, the financial liabilities for redeemable shares with other preferential rights were derecognized.

The movement of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights during the years ended June 30, 2020 and 2021 is set out as below:

	<b>As at June 30,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year/period	–	1,701,294	2,381,327
Addition	991,514	–	–
Changes in fair value	709,780	680,033	1,625,287
Exchange adjustment	–	–	(42,771)
Conversion into Class A ordinary shares upon IPO of the Company	–	–	(3,963,843)
At the end of the year/period	<u>1,701,294</u>	<u>2,381,327</u>	<u>–</u>

Prior to the completion of IPO, the Group had used the discounted cash flow method to determine the underlying share value of MINISO Guangzhou and the Company, and adopted equity allocation model to determine the fair value of paid-in capital subject to redemption and other preferential rights and redeemable shares with other preferential rights as of the date of issuance and at the end of each reporting period, with the assistance of an independent third-party valuation firm, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“Jones Lang LaSalle”).

Key valuation assumptions used to determine the fair value of the paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights were as follows:

	<b>As at June 30,</b>	
	<b>2019</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Weighted average cost of capital	13.6%	12.7%
Risk-free interest rate	2.9%-3.2%	1.9%-2.7%
Discount for lack of marketability (“DLOM”)	9.0%	8.5%
Expected volatility	32.2%-34.2%	35.7%-53.0%

Discount rate (post-tax) was estimated using the weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of US Government Bond with maturity life close to the IPO timing as of valuation date plus country risk spread. The DLOM was estimated based on restricted shares study or the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Under the equity allocation model, volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the respective valuation dates and with similar span as time to expected event dates. Probability weight under each of the redemption rights and

liquidation preferences was based on the Group's best estimates. In addition to the assumptions adopted above, projections of future performance were also factored into the determination of the fair value of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights on each valuation date.

On October 15, 2020, the Company successfully listed on the New York Stock Exchange and made an offering of 121,600,000 Class A ordinary shares (excluding any Class A ordinary shares issued pursuant to the exercise of the over-allotment option) at a price at US\$5.00 per share. All Series A preferred shares were converted and re-designated into Class A ordinary shares upon completion of the IPO on October 15, 2020. The fair value of each of Series A preferred share on the conversion date was the offer price in the global offering.

Changes in fair value of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights were recorded as "fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights" in the consolidated statements of profit or loss. Management considered that fair value changes that are attributable to changes of credit risk of this liability are not significant.

### 31 CAPITAL AND RESERVES

#### (a) Share capital and additional paid-in capital

- (i) As discussed in Note 1.2, since the Company did not exist prior to June 30, 2019, the registered capital of the companies now comprising the Group are included in additional paid-in capital during the year ended June 30, 2019. The Company was incorporated on January 7, 2020 as part of the Reorganization. Upon incorporation in January 2020, the Company authorized and issued 5,000,000,000 and 976,634,771 ordinary shares, respectively, with a par value of US\$0.00001 each. Among the 976,634,771 ordinary shares issued, 865,591,398 shares represented ordinary shares outstanding of the Company and 111,043,373 shares were recognized as treasury shares (see Note 31(b)(v)). These shares rank *pari passu* in all respects with the ordinary shares in issue.

As of June 30, 2020, the aggregated par value of ordinary shares outstanding amounted to US\$8,656 (equivalent to RMB69,000) and was recognized as share capital of the Company. The excess of capital injections made by the equity shareholders over the par value was credited to the additional paid-in capital.

- (ii) The Company adopted a dual-class share structure effective immediately prior to the completion of the IPO. All the Company's issued ordinary shares, including treasury shares reserved for the share award scheme, had been re-designated as 766,011,125 Class A ordinary shares and 328,290,482 Class B ordinary shares respectively immediately prior to the completion of the IPO.

Holders of the Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. In respect of matters requiring the votes of shareholders, the holder of Class B ordinary shares is entitled to three votes per share, while the holders of Class A ordinary shares entitle to one vote per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

- (iii) Upon completion of the IPO and the exercise of the over-allotment option, the Company issued 121,600,000 and 9,664,748 Class A ordinary shares at par value of US\$0.00001 each for cash consideration of US\$5.00 each, respectively. The total net proceeds received were US\$625,274,000 (equivalent to RMB4,178,860,000), net of share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, legal fees, accounting fees and other related costs, which were incremental costs directly attributable to the issuance of the new shares.
- (iv) Upon completion of the IPO on October 15, 2020, each issued Series A preferred share was converted into one Class A ordinary share by re-designation and reclassification of every Series A preferred share in issue as a Class A ordinary share on a one for one basis. As a result, the financial liabilities for Series A preferred shares were derecognized and recorded as share capital and additional paid-in capital.
- (v) During the year ended June 30, 2021, 71,880,408 of restricted shares and options were vested and exercised, and were released from treasury shares into Class A ordinary shares.
- (vi) During the six months ended December 31, 2021, 2,601,944 of restricted shares and options were vested and exercised, and were released from treasury shares into Class A ordinary shares.



- (vii) As of June 30, 2021 and December 31, 2021, analysis of the Company's issued shares including treasury shares reserved for the share award scheme, was as follows:

	<b>As at June 30, 2021</b>	
	<b>Number of shares</b>	<b>Share capital</b>
		<i>RMB'000</i>
Class A ordinary shares	897,275,873	69
Class B ordinary shares	328,290,482	23
	<u>1,225,566,355</u>	<u>92</u>
	<b>As at December 31, 2021</b>	
	<b>Number of shares</b>	<b>Share capital</b>
		<i>RMB'000</i>
Class A ordinary shares	897,275,873	69
Class B ordinary shares	328,290,482	23
	<u>1,255,566,355</u>	<u>92</u>

**(b) Nature and purposes of reserves**

**(i) Merger reserve**

As discussed in Note 1.2, during the year ended June 30, 2019, as part of the Reorganization, MINISO HK acquired the equity interests of the Overseas Entities, which were under the common control of the Controlling Shareholders, at an aggregate consideration of RMB133,394,000. The difference of RMB128,868,000 between the consideration paid and the paid-in capital acquired was recognized as merger reserve.

**(ii) Translation reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

**(iii) Share-based payment reserve**

The share-based payment reserve represents the portion of the grant date fair value of restricted shares and share options granted to the key management personnel and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(r)(iii).

**(iv) PRC statutory reserve**

PRC statutory reserves are established in accordance with the PRC Company Law and the Articles of Association of the subsidiaries which are established in the PRC. The subsidiary being an equity joint venture with foreign investment, transfers certain percentages of the net profit to a statutory surplus reserve at the discretion of its board of directors. The subsidiaries being wholly foreign-owned enterprise or wholly domestic-owned enterprises, are required to allocate at least 10% of its net profits to a statutory surplus reserve. The transfer to this reserve must be made before distribution of dividends to equity shareholders can be made.

PRC statutory reserve can be used to make good previous years' losses, if any, and may be converted into capital in proportion to their existing equity holdings, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(v) **Treasury shares**

In August 2018, MINISO Guangzhou issued RMB15,863,000 registered capital to four PRC entities (“special purpose vehicles”), which together held the shares under the 2018 Share Award Scheme (see Note 32). As of June 30, 2019, total considerations received from the four special purpose vehicles were RMB8,694,000, which were credited to additional paid-in capital.

As MINISO Guangzhou has the power to govern the relevant activities of the four special purpose vehicles and can derive benefits from the contributions of the employees who were awarded with the shares under 2018 Share Award Scheme, the four special purpose vehicles were consolidated.

As discussed in Note 1 and Note 32(a), as part of the Reorganization, the 2018 Share Award Scheme adopted by MINISO Guangzhou was replaced by the 2020 Share Award Scheme adopted by the Company on January 7, 2020. The Company issued 111,043,373 ordinary shares at par value of USD0.00001 each to twelve entities incorporated in the BVI (“new special purpose vehicles”), which together held the shares under the 2020 Share Award Scheme (see Note 32(a)). The new special purpose vehicles are considered as a continuation of the original special purpose vehicles. As the Company has the power to govern the relevant activities of the twelve new special purpose vehicles and can derive benefits from the contributions of the employees who were awarded with the shares under the 2020 Share Award Scheme, the twelve new special purpose vehicles were consolidated and the ordinary shares issued to these special purpose vehicles are treated as treasury shares until they are granted to employees and become vested.

Additional considerations of RMB10,699,000 were received from the new special purpose vehicles during the year ended June 30, 2020, which were credited to additional paid-in capital.

During the year ended June 30, 2021, additional considerations of RMB973,000 were received from the new special purpose vehicles, which were credited to additional paid-in capital.

During the six months ended December 31, 2021, no additional considerations were received from the new special purpose vehicles.

On December 21, 2021, the board of directors authorized a share repurchase program under which the Company may repurchase up to USD200 million of its shares until September 21, 2022. In December 2021, the Company repurchased 809,040 Class A ordinary shares at an average price of USD2.45 per share for a total consideration of USD1.98 million (equivalent to RMB12,604,000).

(c) **Deemed distribution**

Upon the completion of the reorganization of the China Business on December 1, 2018, the assets and liabilities of the Predecessor Entity amounting to RMB493,860,000 that were not transferred to the Group and retained by the Predecessor Entity. Such assets and liabilities were treated as deemed distribution to the equity shareholders and were excluded from the consolidated statement of financial position of the Group since then.

(d) **Capital management**

The Group defines “capital” as including all components of equity and paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights. The Group’s policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business. There were no changes in the Group’s approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

(e) **Dividends**

No dividends were declared or paid by the companies now comprising the Group to its equity shareholders during the year ended June 30, 2019.

During the year ended June 30, 2020, dividends of RMB330,336,000 were declared by MINISO Guangzhou and were fully paid prior to the incorporation of the Company.

During the year ended June 30, 2021, no dividends were paid or declared by the Company.

During the six months ended December 31, 2021, dividends of US\$0.039 per ordinary share, amounting to USD47,178,000 (equivalent to RMB306,255,000), in respect of the fiscal year ended June 30, 2021 were declared and paid by the Company. The dividends were distributed from capital reserve.

**32 EQUITY SETTLED SHARE-BASED PAYMENTS**

The Group has adopted two share-based compensation plans, namely, the 2018 Share Award Scheme, which was subsequently replaced by the 2020 Share Award Scheme, and the 2020 Option Plan.

**(a) The 2018 and 2020 Share Award Scheme:**

In August 2018, MINISO Guangzhou adopted a share award scheme (the “2018 Share Award Scheme”) with the purpose of attracting, motivating, retaining and rewarding certain key management personnel and employees of the Group. Under the 2018 Share Award Scheme, restricted shares of MINISO Guangzhou may be awarded to selected employees (the “Selected Employees”).

Unless terminated earlier by the board of directors, the 2018 Share Award Scheme will be valid and effective for a term of 10 years starting on August 24, 2018. The aggregate nominal value of the shares awarded under the 2018 Share Award Scheme shall not exceed 11.37% of the registered capital of MINISO Guangzhou at August 24, 2018, which are converted into 15,863,339 restricted shares in total and each restricted share is equivalent to RMB1 of the paid-in capital of MINISO Guangzhou. Upon completion of Investor Shareholders’ acquisition of equity interests in MINISO Guangzhou (see Note 30), the above upper limit of aggregate nominal value of the shares awarded changed to 10.15% of the registered capital of MINISO Guangzhou.

On August 27, 2018, the board of directors of MINISO Guangzhou approved the grant of 12,130,664 restricted shares to selected employees at an exercise price of RMB1.79 per share. According to the scheme, 40% of these restricted shares were immediately vested on the grant date, 30% would vest on the 1st anniversary of the grant date and the remaining 30% would vest on the 2nd anniversary of the grant date, on the condition that employees remain in service without any performance requirements (“Specified Service Period”). In addition, if the employees leave the Group before the consummation of a qualified initial public offering (“IPO”) of MINISO Guangzhou, the awarded shares will be forfeited. The forfeited shares will be purchased back by a shareholder designated by MINISO Guangzhou at the original exercise price, and if applicable, plus 10% per annum interest, and could be reallocated in the subsequent grants at the discretion of MINISO Guangzhou. That is, the actual length of vesting period of the restricted shares is subject to an IPO condition. The Group considered that an IPO was probable to incur after the Specified Service Period and recognized the share compensation expenses over the estimated actual vesting period, which is based on an estimate of when an IPO will incur.

The 2018 Share Award Scheme was administered by four special purpose vehicles, which were consolidated (see Note 31(b)(v)).

Dividends of RMB19,664,000 relating to unvested shares were declared by MINISO Guangzhou and were paid in December 2019. These non-forfeitable dividends paid during the unvested period were recognized as employee compensation expenses in the consolidated statement of profit or loss during the year ended June 30, 2020 (see Note 8(i)).

During the Reorganization as discussed in Note 1, the Company was established as the new holding company of the Group. As part of the Reorganization, the 2018 Share Award Scheme adopted by MINISO Guangzhou was replaced in its entirety by a share award scheme adopted by the Company on January 7, 2020 (the “2020 Share Award Scheme”), pursuant to which the restricted shares of MINISO Guangzhou granted to the previous Selected Employees were replaced by the restricted shares of the Company awarded to the same Selected Employees. The terms of the restricted shares of the Company granted to the same Selected Employees are substantially consistent with the 2018 Share Award Scheme, except that Specified Service Period of the remaining 30% restricted shares held by the employees other than key management personnel was extended as one-third (1/3) of the 30% restricted shares would vest on each of the 2nd, 3rd and 4th anniversary of the original grant date, respectively (“Extended Specified Service Period”). The IPO condition remained unchanged. The Extended Specified Service Period is not beneficial to employees. The Group considered that an IPO was probable to incur and recognized the share compensation expenses over the estimated actual vesting period, which is based on the estimate of when an IPO will incur or the Specified Service Period, whichever is longer.

The 2020 Share Award Scheme was administered by twelve new special purpose vehicles, which were consolidated (see Note 31(b)(v)).

Unless terminated earlier by the board of directors, the 2020 Share Award Scheme will be valid and effective for a term of 103 months starting on January 7, 2020.

To give the participants the same proportion of the share capital of the Company as that they were entitled to before the replacement of the 2018 Share Award Scheme, each restricted share under the 2018 Share Award Scheme, which is equivalent to RMB1 of the paid-in capital of MINISO Guangzhou, were split into 7 restricted shares of the

Company ("restricted share split"). Hence, under the 2020 Share Award Scheme, the aggregate number of shares awarded shall not exceed 111,043,373 shares, representing 10.15% of share capital of the Company. Pro-rata adjustments have also been made to the exercise price per share of awarded shares of the Company, which was adjusted to be USD0.036 per share accordingly.

During the year ended June 30, 2021, 18,457,325 shares were released from the 2020 Share Award Scheme, and the aggregate number of shares awarded under the 2020 Share Award Scheme thus shall not exceed 92,586,048.

Movements in the number of restricted shares granted to employees and the respective weighted-average grant date fair value are as follows:

	Number of restricted shares		Weighted-average exercise price per restricted share	Weighted- average grant date fair value per restricted share
Outstanding as of July 1, 2018	–		–	–
Granted during the year	12,130,664	RMB	1.79	53.67
Outstanding as of June 30, 2019	<u>12,130,664</u>	RMB	1.79	53.67
Outstanding as of July 1, 2019	12,130,664	RMB	1.79	53.67
Forfeited under the 2018 Share Award Scheme	(784,200)	RMB	1.79	53.67
Effect of restricted share split	68,078,784		–	–
Forfeited under the 2020 Share Award Scheme	<u>(201,229)</u>	USD	0.036	7.67
Outstanding as of June 30, 2020	<u>79,224,019</u>	USD	0.036	7.67
Outstanding as of July 1, 2020	79,224,019	USD	0.036	7.67
Vested during the year	(71,132,744)	USD	0.036	7.67
Forfeited during the year	<u>(2,335,487)</u>	USD	0.036	7.67
Outstanding as of June 30, 2021	<u>5,755,788</u>	USD	0.036	7.67
Outstanding as of July 1, 2021	5,755,788	USD	0.036	7.67
Vested during the period	(2,114,000)	USD	0.036	7.67
Forfeited during the period	<u>(1,001,056)</u>	USD	0.036	7.67
Outstanding as of December 31, 2021	<u>2,640,732</u>	USD	0.036	7.67

The weighted-average remaining contract life for the outstanding restricted shares granted was 109, 97, 85 and 79 months as of June 30, 2019, 2020 and 2021 and December 31, 2021, respectively.

The fair value of restricted shares per share and aggregate fair value of restricted shares at the date of grant on August 27, 2018 were RMB53.67 and RMB651,053,000, respectively. The fair value of restricted shares at the grant date was determined with reference to the fair value of the equity interest of MINISO Guangzhou. The Group has used the discounted cash flow method to determine the underlying equity fair value of MINISO Guangzhou, with the assistance of an independent third-party valuation firm, Jones Lang LaSalle. Key assumptions used in determining the fair value were as follows:

As at grant date

Weighted average cost of capital	15.1%
Risk-free interest rate	3.0%
DLOM	31.3%

Total compensation expense calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss for aforementioned share-based awards granted to the Group's employees were RMB122,058,000, RMB316,229,000, RMB155,171,000, RMB153,190,000, RMB149,603,000 (unaudited) and RMB3,099,000 for the years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2020 and 2021, respectively.

The extension of Specified Service Period on January 7, 2020 was not beneficial to the employees and accordingly the Group has not taken the modification into account and continued to measure the compensation expense based on the original grant date fair value.

**(b) The 2020 Option Plan**

In January 2020, a share option scheme (the "2020 Option Plan") was approved by the board of directors of the Company. Unless extra approval is made by the board of directors, the options will be exercisable only if the option holder continues employment or provide services through each vesting date. Under the 2020 Option Plan, the aggregate number of shares for exercise of options shall not exceed 31,618,125 shares.

On January 16, 2020, the board of directors approved the grant of options to purchase an aggregate of 11,350,000 ordinary shares of the Company to certain employees of the Group at an exercise price of US\$0.036 per share.

On September 27, 2020, the board of directors approved the grant of options to purchase aggregate of 4,703,500 ordinary shares of the Company to certain employees of the Group at an exercise price of US\$0.036 per share.

Each of 20% of the above options granted will vest on the 1st trading day following each of the 1st, 2nd, 3rd, 4th and 5th anniversary of the grant date, respectively, on the condition that employees remain in service without any performance requirements. The options lapse on the tenth anniversary of the grant date.

The option activities during the years ended June 30, 2020 and 2021 and the six months ended December 31, 2021 are summarized as follows:

	Number of options	Weighted- average exercise price <i>US\$ per share</i>	Weighted- average grant date fair value <i>US\$ per share</i>
Outstanding at July 1, 2018 and June 30, 2019	—	—	—
Outstanding at July 1, 2019	—	—	—
Granted	11,035,000	0.036	3.08
Forfeited	(21,000)	0.036	3.08
Outstanding at June 30, 2020	11,014,000	0.036	3.08
Exercisable at June 30, 2020	—	—	—
Non-vested at June 30, 2020	11,014,000	0.036	3.08
Outstanding at July 1, 2020	11,014,000	0.036	3.08
Granted	4,703,500	0.036	4.89

	<b>Number of options</b>	<b>Weighted- average exercise price</b>	<b>Weighted- average grant date fair value</b>
		<i>US\$ per share</i>	<i>US\$ per share</i>
Exercised	(747,664)	0.036	3.08
Forfeited	(2,569,000)	0.036	3.10
Outstanding at June 30, 2021	<u>12,400,836</u>	<u>0.036</u>	<u>3.71</u>
Exercisable at June 30, 2021	1,128,336	0.036	3.08
Non-vested at June 30, 2021	11,272,500	0.036	3.78
Outstanding at July 1, 2021	12,400,836	0.036	3.71
Exercised	(487,944)	0.036	4.03
Forfeited	(695,000)	0.036	4.20
Outstanding at December 31, 2021	<u>11,217,892</u>	<u>0.036</u>	<u>3.67</u>
Exercisable at December 31, 2021	1,465,092	0.036	3.78
Non-vested at December 31, 2021	9,752,800	0.036	3.65

The fair value of options was determined using the binominal option-pricing model, with the assistance of an independent third-party valuation firm, Jones Lang LaSalle. Assumptions used in the binominal option-pricing model are presented below:

	<b>Grant date</b>	
	<u>January 16, 2020</u>	<u>September 27, 2020</u>
Fair value per share	US\$3.08	US\$4.89
Risk-free interest rate	1.8%	0.6%
Expected dividend yield	0%	0%
Expected volatility	33.2%	35.0%
Expected multiples	2.2 – 2.8	2.2
Contractual life	10 years	9.3 years

The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the share options. Expected dividend yield is estimated based on the Company's expected dividend policy over the expected life of the options.

The fair value of options granted on January 16, 2020 and September 27, 2020 were US\$33,985,000 (equivalent to RMB233,841,000) and US\$23,019,000 (equivalent to RMB156,808,000), respectively. Total compensation expense calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss for the above options granted to the Group's employees were RMB48,151,000, RMB126,148,000, RMB66,774,000 (unaudited) and RMB47,301,000 for the years ended June 30, 2020 and 2021 and the six months ended December 31, 2020 and 2021, respectively.

**33 ACQUISITION OF SUBSIDIARIES****(a) Business combination**

On March 11, 2021, the Group acquired 70% of shares and voting interests in MINISO SG Pte. Ltd. from two third parties, at a cash consideration of SGD2,100,000 (equivalent to RMB10,257,000).

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	<i>RMB'000</i>
Property, plant and equipment	1,539
Right-of-use assets	36,632
Inventories	6,775
Trade and other receivables	13,770
Cash and cash equivalents	1,433
Loans and borrowings	(21,979)
Trade and other payables	(12,092)
Lease liabilities	(38,713)
Current taxation	(770)
	<hr/>
Total identifiable net liabilities acquired	<u>(13,405)</u>

Goodwill arising from the acquisition has been recognized as follows:

	<i>RMB'000</i>
Consideration transferred	10,257
Share of fair value of identifiable net liabilities	9,383
	<hr/>
Goodwill ( <i>Note 17</i> )	<u>19,640</u>

The revenue and loss included in the consolidated statements of profit or loss from the acquisition dates to June 30, 2021 contributed by MINISO SG Pte. Ltd. was RMB19,073,000 and RMB8,236,000 respectively.

If the acquisition had occurred on July 1, 2020, management estimates that consolidated revenue would have been RMB9,117,348,000 and consolidated loss for the year ended June 30, 2021 would have been RMB1,445,632,000.

**(b) Acquisition of assets and liabilities through acquisition of a subsidiary**

As disclosed in Note 19, the Company previously held 20% equity interest in YGF Investment and such investment was accounted for using equity method. On October 27, 2021, the Company acquired the remaining 80% equity interest in YGF Investment from YGF MC Limited at a total consideration of RMB694,479,000. As of December 31, 2021, the consideration has been fully settled. Upon completion of the acquisition, YGF Investment has become a wholly-owned subsidiary of the Group.

The major assets of YGF Investment comprised the land use right of and prepayments for the construction project of a new headquarter building. Substantive process did not commence as at the date of acquisition. The directors of the Company determined that the transaction constituted an acquisition of assets and liabilities through acquisition of a subsidiary as opposed to a business acquisition. As such transaction is a step acquisition, the previous 20% equity interest was included as part of the cost of the acquisition and was not remeasured at the date of acquisition.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	<u>RMB'000</u>
Property, plant and equipment	10,290
Right-of-use assets	1,781,595
Prepayments for construction project relating to headquarter building	200,000
Trade and other receivables	58
Cash and cash equivalents	10,996
Trade and other payables	<u>(964,558)</u>
 Total identifiable net assets acquired	 <u><u>1,038,381</u></u>

Total consideration transferred:

	<u>RMB'000</u>
Cash	694,479
Add: carrying amount of the Group's previously held equity interest in YGF Investment at the date of acquisition	<u>343,902</u>
	<u><u>1,038,381</u></u>

Analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of YGF Investment:

	<u>RMB'000</u>
Cash considerations paid	694,479
Less: cash and cash equivalents acquired	<u>(10,996)</u>
 Net cash outflow	 <u><u>683,483</u></u>

The value of identifiable net assets acquired was determined by the directors of the Company with reference to the valuation carried out by an independent valuer, Jones Lang LaSalle. The fair value of net assets acquired at the date of acquisition was not materially different from its carrying amount.

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers having low credit risk.



*Trade receivables*

The Group's trade receivables mainly derive from sales of goods to distributors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At June 30, 2019, 2020 and 2021 and December 31, 2021, 26%, 37%, 39% and 43% of the total trade receivables were due from the Group's five largest debtors, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

<b>As at June 30, 2019</b>			
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due)	1%	257,224	(3,087)
30 – 90 days past due	6%	39,949	(2,437)
91 – 270 days past due	12%	16,904	(1,995)
More than 270 days past due	50%	21,551	(10,776)
		335,628	(18,295)
Additional loss allowance due to specific consideration on certain distributors		73,431	(73,431)
		<u>409,059</u>	<u>(91,726)</u>

<b>As at June 30, 2020</b>			
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due)	1%	149,162	(1,790)
Less than 90 days past due	6%	64,526	(3,923)
91 – 270 days past due	12%	70,088	(8,256)
271 – 450 days past due	50%	33,771	(16,886)
		317,547	(30,855)
Additional loss allowance due to specific consideration on certain distributors		12,328	(12,328)
		<u>329,875</u>	<u>(43,183)</u>

<b>As at 30 June, 2021</b>			
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due)	2%	236,210	(4,827)
Less than 90 days past due	5%	38,141	(1,907)
91 – 270 days past due	12%	27,838	(3,341)
271 – 450 days past due	26%	25,055	(6,514)
451 – 810 days past due	58%	10,347	(6,001)
More than 810 days past due	100%	19,205	(19,205)
		356,796	(41,795)
Additional loss allowance due to specific consideration on certain distributors		18,032	(18,032)
		<u>374,828</u>	<u>(59,827)</u>

<b>As at December 31, 2021</b>			
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due)	2%	259,415	(5,364)
Less than 90 days past due	5%	63,036	(3,196)
91 – 270 days past due	14%	38,366	(5,195)
271 – 450 days past due	30%	13,059	(3,896)
451 – 810 days past due	86%	17,058	(14,603)
More than 810 days past due	100%	18,281	(18,281)
		409,215	(50,535)
Additional loss allowance due to specific consideration on certain distributors		26,529	(26,529)
		<u>435,744</u>	<u>(77,064)</u>

Loss allowance of RMB73,431,000 for trade receivables from an overseas distributor was made during the year ended June 30, 2019 due to deterioration of financial status of the distributor. Such trade receivables and relevant loss allowance were fully written off during the year ended June 30, 2020.

Loss allowances of RMB12,328,000, RMB18,032,000 and RMB26,529,000 for trade receivables from certain overseas distributors were made during the years ended June 30, 2020 and 2021 and the six months ended December 31, 2021 due to deterioration of financial status of these distributors.

Expected loss rates are based on actual loss experience over the past 2 to 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The loss rates remained constant for the years ended June 30, 2019 and 2020, because the Group considers that there has been no significant change in the Group's customer base, the historical loss experience or the aging pattern of those financial assets for the years ended June 30, 2019 and 2020.

Movement in the loss allowance account in respect of trade receivables during the reporting periods presented is as follows:

	<u>RMB'000</u>
Balance at July 1, 2018	(7,776)
Credit loss recognized during the year	(82,701)
Exchange adjustment	<u>(1,249)</u>
Balance at June 30, 2019	<u>(91,726)</u>
Amounts written off during the year	73,431
Credit loss recognized during the year	(24,239)
Exchange adjustment	<u>(649)</u>
Balance at June 30, 2020	<u>(43,183)</u>
Amounts written off during the year	–
Credit loss recognized during the year	(19,870)
Exchange adjustment	<u>3,226</u>
Balance at June 30, 2021	<u>(59,827)</u>
Credit loss recognized during the period	(16,463)
Exchange adjustment	<u>(774)</u>
Balance at December 31, 2021	<u><u>(77,064)</u></u>

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance during the year ended June 30, 2019:

- Origination of new trade receivables net of those settled resulted in an increase in loss allowance of RMB1,372,000;
- Increase in days past due over 30 days resulted in an increase in loss allowance of RMB9,147,000.
- Increase in loss allowance of RMB73,431,000 for trade receivables from an overseas distributor due to deterioration of financial status of the distributor.

The following significant changes in the gross carrying amounts of trade receivables contributed to the decrease in the loss allowance during the year ended June 30, 2020:

- Origination of new trade receivables net of those settled resulted in a decrease in loss allowance of RMB1,297,000;
- Increase in days past due over 30 days resulted in an increase in loss allowance of RMB14,798,000.
- Write-off of trade receivables due from an overseas distributor and relevant loss allowance of RMB73,431,000 upon its liquidation.
- Increase in loss allowance of RMB11,387,000 for trade receivables due from certain overseas distributors due to deterioration of their financial condition.

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance during the year ended June 30, 2021:

- Decrease in days past due over 90 days but less than 450 days resulted in a decrease in loss allowance of RMB15,287,000.
- Increase in days past due over 450 days resulted in an increase in loss allowance of RMB25,206,000.
- Increase in loss allowance of RMB5,704,000 for trade receivables due from certain overseas distributors due to deterioration of their financial condition.

The following significant changes in the gross carrying amounts of trade receivables, higher expected loss rate and changes in additional loss allowance due to specific consideration on certain distributors contributed to the increase in the loss allowance during the six months ended December 31, 2021:

- Increase in trade receivables past due but less than 270 days resulted in an increase in loss allowance of RMB3,680,000.
- Higher expected loss rate for trade receivables past due 451 – 810 days.
- Increase in additional loss allowance of RMB8,497,000 for trade receivables due from certain overseas distributors due to deterioration of their financial condition.

The Group does not provide any guarantees which would expose the Group to credit risk.

#### *Other receivables*

As set out in Note 22, as at June 30, 2019, the Group has concentration of credit risk on amounts due from related parties, which was mainly comprised of amounts due from Mr. Ye Guofu, the controlling shareholder. In view of the financial capability of the controlling shareholder, the management of the Group does not consider there to be a risk of default and does not expect any losses from non-performance by the controlling shareholder, and accordingly, no loss allowance was recognized in respect of the amounts due from controlling shareholder. The amount due from the controlling shareholder has been fully settled as of June 30, 2020.

In determining the ECL for remaining other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The management of the Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no credit loss allowance of other receivables is considered necessary by management for the years ended June 30, 2020 and 2021 and the six months ended December 31, 2021.

#### **(b) Liquidity risk**

As at June 30, 2019, 2020 and 2021 and December 31, 2021, the Group's net current assets amounted to RMB1,265,740,000, RMB1,676,956,000, RMB5,716,232,000 and RMB4,014,560,000, respectively. Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group relies on the cash generated from operating activities as the main source of liquidity. For the years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2020 and 2021, the Group had net cash generated from operating activities of approximately RMB1,038,471,000, RMB826,484,000, RMB916,320,000 RMB806,422,000 (unaudited) and RMB731,741,000, respectively. In addition, the management of the Group monitors the utilization of borrowings and ensures compliance with borrowing covenants, if any. As of June 30, 2020, the Group did not meet certain financial ratios relating to an unsecured bank loan of RMB200,000,000 and the loan had become repayable on demand (see Note 26(a)(iii)). The Group has early repaid the loan in full in July 2020. The Directors believe that the Group and the Company will have sufficient funds available from the operating activities to meet their financial obligations in the foreseeable future.

The following tables show the remaining contractual maturities at the end of the years presented of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of the year presented) and the earliest date the Group can be required to pay.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at June 30, 2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	2,363,739	–	–	–	2,363,739	2,363,739
Loans and borrowings	2,763	12	5,327	–	8,102	8,060
Lease liabilities	190,721	138,830	176,095	35,624	541,270	496,570
<b>Total</b>	<b>2,557,223</b>	<b>138,842</b>	<b>181,422</b>	<b>35,624</b>	<b>2,913,111</b>	<b>2,868,369</b>
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at June 30, 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	2,419,795	–	–	–	2,419,795	2,419,795
Loans and borrowings	408,568	15,154	147	–	423,869	416,389
Lease liabilities	228,249	168,804	202,826	60,748	660,627	602,974
<b>Total</b>	<b>3,056,612</b>	<b>183,958</b>	<b>202,973</b>	<b>60,748</b>	<b>3,504,291</b>	<b>3,439,158</b>
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at June 30, 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	2,809,182	–	–	–	2,809,182	2,809,182
Loans and borrowings	13,944	641	1,880	5,770	22,235	20,594
Lease liabilities	342,211	217,229	277,726	54,848	892,014	804,412
<b>Total</b>	<b>3,165,337</b>	<b>217,870</b>	<b>279,606</b>	<b>60,618</b>	<b>3,723,431</b>	<b>3,634,188</b>
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	3,189,086	–	–	–	3,189,086	3,189,086
Loans and borrowings	5,384	191	1,847	5,572	12,994	11,551
Lease liabilities	282,543	184,583	232,372	50,058	749,556	679,729
<b>Total</b>	<b>3,477,013</b>	<b>184,774</b>	<b>234,219</b>	<b>55,630</b>	<b>3,951,636</b>	<b>3,880,366</b>

Details of the description of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are presented in Note 30.

**(c) Interest rate risk**

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

**(i) Interest rate profile**

The following table details the interest rate profile of the Group's loans and borrowings and cash and cash equivalents at the end of each reporting period presented:

	As at June 30, 2019		As at June 30, 2020		As at June 30, 2021		As at December 31, 2021	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000
<b>Fixed rate instruments:</b>								
Cash equivalents (Note 23)	1.79%	10,000	-	-	-	-	-	-
Cash at bank (Note 23)	-	-	-	-	2%	201,488	2%~5%	732,606
Loans and borrowings (Note 26)	0%~9%	(8,060)	0%~9%	(416,389)	0%~9%	(20,594)	0%~9%	(11,551)
		<u>1,940</u>		<u>(416,389)</u>		<u>180,894</u>		<u>721,055</u>
<b>Variable rate instruments:</b>								
Cash at bank (Note 23)	0%~13%	1,535,671	0%~5%	2,853,501	0%~3%	6,569,616	0%~3%	4,418,170
		<u>1,535,671</u>		<u>2,853,501</u>		<u>6,569,616</u>		<u>4,418,170</u>

**(ii) Sensitivity analysis**

At June 30, 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's loss for the year and accumulated losses by approximately RMB11,518,000.

At June 30, 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's loss for the year and accumulated losses by approximately RMB23,883,000.

At June 30, 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's loss for the year and accumulated losses by approximately RMB55,880,000.

At December 31, 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's loss for the year and accumulated losses by approximately RMB41,136,000.

**(d) Currency risk**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Euros and Hong Kong Dollars. The Group manages this risk as follows:

**(i) Exposure to currency risk**

The following table details the Group's exposure at the end of the reporting periods to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

<b>Exposure to foreign currencies (Expressed in thousands of Renminbi)</b>					
<b>As at June 30, 2019</b>					
	<b>United States Dollars</b>	<b>Euros</b>	<b>Hong Kong Dollars</b>	<b>Others</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and other receivables	86,347	–	20	–	
Cash and cash equivalents	245,592	3,349	428	457	
Trade and other payables	(33,380)	(2,302)	(42,496)	(104)	
Loans and borrowings	(138)	–	–	–	
Net exposure arising from recognized assets and liabilities	<u>298,421</u>	<u>1,047</u>	<u>(42,048)</u>	<u>353</u>	
<b>Exposure to foreign currencies (Expressed in thousands of Renminbi)</b>					
<b>As at June 30, 2020</b>					
	<b>United States Dollars</b>	<b>Euros</b>	<b>Hong Kong Dollars</b>	<b>Others</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and other receivables	11,036	800	629	–	
Cash and cash equivalents	669,992	2,557	2,886	320	
Trade and other payables	(15,026)	(5,468)	(29,241)	(1,233)	
Loans and borrowings	(141)	–	–	–	
Net exposure arising from recognized assets and liabilities	<u>665,861</u>	<u>(2,111)</u>	<u>(25,726)</u>	<u>(913)</u>	
<b>Exposure to foreign currencies (Expressed in thousands of Renminbi)</b>					
<b>As at June 30, 2021</b>					
	<b>United States Dollars</b>	<b>Euros</b>	<b>Hong Kong Dollars</b>	<b>Renminbi</b>	<b>Others</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and other receivables	20,423	–	–	–	1,818
Cash and cash equivalents	402,563	19,927	2,728	601,491	1,306
Trade and other payables	(24,760)	(4,526)	(23,968)	–	(17)
Loans and borrowings	(6,613)	–	–	–	–
Net exposure arising from recognized assets and liabilities	<u>391,613</u>	<u>15,401</u>	<u>(21,240)</u>	<u>601,491</u>	<u>3,107</u>

**Exposure to foreign currencies**  
(Expressed in thousands of Renminbi)

	As at December 31, 2021				
	United States	Hong Kong			Others
	Dollars	Euros	Dollars	Renminbi	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and other receivables	15,546	1,495	–	–	24
Cash and cash equivalents	659,418	47,245	4,668	403,114	782
Trade and other payables	(48,512)	(6,026)	(15,592)	–	–
Loans and borrowings	(6,496)	–	–	–	–
Net exposure arising from recognized assets and liabilities	<u>619,956</u>	<u>42,714</u>	<u>(10,924)</u>	<u>403,114</u>	<u>806</u>

**(ii) Sensitivity analysis**

The following table indicates the instantaneous change in the Group's (loss)/profit after tax (and accumulated loss) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	As at June 30, 2019		As at June 30, 2020		As at June 30, 2021		As at December 31, 2021	
	Increase/ (decrease) in foreign exchange rates	Effect on loss for the year and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss for the year and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss for the year and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on profit for the period and accumulated losses
	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>
United States								
Dollars	1%	2,780	1%	6,630	1%	3,242	1%	5,233
	(1)%	(2,780)	(1)%	(6,630)	(1)%	(3,242)	(1)%	(5,233)
Euros	1%	10	1%	(21)	1%	128	1%	519
	(1)%	(10)	(1)%	21	(1)%	(128)	(1)%	(519)
Hong Kong								
Dollars	1%	(420)	1%	(257)	1%	(177)	1%	(91)
	(1)%	420	(1)%	257	(1)%	177	(1)%	91
Renminbi	–	–	–	–	1%	6,015	1%	4,030
	–	–	–	–	(1)%	(6,015)	(1)%	(4,030)
Others	1%	4	1%	(10)	1%	27	1%	7
	(1)%	(4)	(1)%	10	(1)%	(27)	(1)%	(7)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting periods for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.



**(e) Fair value measurement****(i) Financial assets and liabilities measured at fair value***Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the year presented on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*.

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting date:

	Fair value at June 30, 2019 <i>RMB'000</i>	Fair value measurements as at June 30, 2019 categorized into		
		Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
<b>Recurring fair value measurement</b>				
Assets:				
– Other investments (ii)	356,265	–	356,265	–
Liabilities:				
– Paid-in capital subject to redemption and other preferential rights (i)	1,701,294	–	–	1,701,294
	Fair value at June 30, 2020 <i>RMB'000</i>	Fair value measurements as at June 30, 2020 categorized into		
		Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
<b>Recurring fair value measurement</b>				
Liabilities:				
– Redeemable shares with other preferential rights (i)	2,381,327	–	–	2,381,327

	Fair value at June 30, 2021 <i>RMB'000</i>	Fair value measurements as at June 30, 2021 categorized into		
		Level 1	Level 2	Level 3
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Recurring fair value measurement</b>				
Assets:				
– Other investments (ii)	102,968	–	102,968	–
	Fair value at December 31, 2021 <i>RMB'000</i>	Fair value measurements as at December 31, 2021 categorized into		
		Level 1	Level 2	Level 3
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Recurring fair value measurement</b>				
Assets:				
– Other investments (ii)	208,289	–	208,289	–

During the Relevant Periods presented, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

- (i) Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights

The fair value changes in Level 3 instruments of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights for the years ended June 30, 2019, 2020 and 2021 are presented in the Note 30.

Specific valuation techniques used to determine the fair value of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights include:

- Discounted cash flow model using unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- Equity allocation model using a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount for lack of marketability, market multiples, etc.

Major assumptions used to determine the valuation of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are presented in Note 30.

Fair value of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights is affected by changes in the share value of MINISO Guangzhou and the Company. If the share value of MINISO Guangzhou and the Company had increased/decreased by 10% with all other variables held constant, the profit before taxation for the years ended June 30, 2019 and 2020 would have been lower/higher by approximately RMB166,706,000/RMB166,294,000 and RMB234,672,000/RMB235,328,000, respectively.

## (ii) Other investments

Other investments in level 2 as at June 30, 2019 represented investments in wealth management products and an asset management scheme. The fair value of these investments was determined by discounting the expected future return using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data.

Other investments in level 2 as at June 30, 2021 and December 31, 2021 represented investments in trust investment schemes. The fair value of these investments was determined by the Group with reference to the fair value quoted by the trust company, that established and managed the investments (see Note 20), using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data.

The movement during the years in the balance of the Level 3 fair value measurement is as follows:

	<i>RMB'000</i>
<b>Paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights:</b>	
At July 1, 2018	–
Addition	991,514
Changes in fair value recognized in profit or loss during the year	709,780
At June 30, 2019	<u>1,701,294</u>
Changes in fair value recognized in profit or loss during the year	680,033
At June 30, 2020	<u>2,381,327</u>
Changes in fair value recognized in profit or loss during the year	1,625,287
Exchange adjustment	(42,771)
Conversion into Class A ordinary shares upon IPO of the Company	(3,963,843)
At June 30, 2021 and December 31, 2021	<u>–</u>
Total gains or losses for the year ended June 30, 2019 included in the consolidated statement of profit or loss	709,780
Total gains or losses for the year ended June 30, 2020 included in the consolidated statement of profit or loss	680,033
Total gains or losses for the year ended June 30, 2021 included in the consolidated statement of profit or loss	1,625,287

The gains arising from the remeasurement of fair value of other investments are included in other net income in the consolidated statements of profit or loss. The losses arising from the remeasurement of fair value of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights are presented as fair value changes of paid-in capital subject to redemption and other preferential rights/redeemable shares with other preferential rights in the consolidated statements of profit or loss.

(ii) *Fair values of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at June 30, 2019, 2020 and 2021 and December 31, 2021 because of the short-term maturities of these financial instruments.

## 35 COMMITMENTS

- (a) Capital commitments outstanding as at June 30, 2019, 2020 and 2021 and December 31, 2021 not provided for in the financial statements were as follows:

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
Contracted purchase of software	14,627	13,531	5,182	1,821
Contracted purchase of property	–	–	101,779	–
Contracted purchase of construction projects	–	–	–	852,834
Contracted purchase of property improvements	–	–	21,679	–
Contracted for	14,627	13,531	128,640	854,655
Authorized but not contracted for	–	–	–	15,713
Total	14,627	13,531	128,640	870,368

## 36 CONTINGENCIES

- (a) The commitment of tax payments

On October 13, 2020, Mingyou Industrial Investment (Guangzhou) Co., Ltd. (“Mingyou”), being a subsidiary of the Group’s equity-accounted investee prior to October 27, 2021 and a subsidiary of the Group since October 27, 2021, was set up to acquire the land use right of a parcel of land and to establish a new headquarters building for the Group in a district in Guangzhou, the PRC. In connection with the acquisition of the land use right and the construction of new headquarter building by Mingyou, on November 26, 2020, MINISO Guangzhou entered into a letter of intent (“the Letter”) with the local government of that district, whereby MINISO Guangzhou committed to the local government that the aggregate amount of tax levies paid by the subsidiaries of MINISO Guangzhou in that district and Mingyou would be no less than RMB965,000,000 for a five-year period starting from January 1, 2021. If the above entities fail to meet such commitment, MINISO Guangzhou will be liable to compensate the shortfall. On January 25, 2021, MINISO Guangzhou provided a performance guarantee of RMB160,000,000 issued by a commercial bank to this local government in respect of the commitment of tax payments for the calendar year of 2021, which was valid from April 1, 2021 to March 31, 2022.

The directors have assessed that, based on the projection of and actual relevant taxes and surcharges paid and payable during the calendar year of 2021, the above entities are expected to meet and have met the commitment for the calendar year of 2021 and it thus is not probable that MINISO Guangzhou needs to make such compensation to the local government under the above performance guarantee. No provision has therefore been made in respect of this matter as of June 30, 2021 or December 31, 2021.

- (b) Lawsuit regarding employees’ compensation dispute

During the year ended June 30, 2020, certain former employees (“Plaintiffs”) of our oversea subsidiaries in the U.S. filed a complaint regarding employees’ compensation dispute. In response to this matter, the Group involved a representative attorney to process settlement discussions with the Plaintiffs. As of June 30, 2020 and 2021, the negotiation results and the expected settlement amount could not be reasonably estimated as the discussion was in progress, therefore no provision was made in respect of this matter as of June 30, 2020 and 2021.

As of December 31, 2021, the matter has been tentatively jointly settled and is subject to court approval. A provision amounting to USD1,250,000 (equivalent to RMB8,090,000) was made based on the expected settlement amount accordingly.

## 37 MATERIAL RELATED PARTY TRANSACTIONS

## (a) Name and relationship with related parties

The table below set forth the major related parties and their relationships with the Group:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Mr. Ye Guofu	Controlling shareholder
Mr. Li Minxin	Shareholder and a member of the key management personnel of the Group
MINI Investment Holding Limited	Under common control of the controlling shareholder
Shanghai Kerong Networks Limited	Significantly influenced by the controlling shareholder
Shenzhen Zhizhi Brand Incubation Limited ( <i>iii</i> )	Significantly influenced by the controlling shareholder
Miniso Lifestyle Nigeria Limited ( <i>i</i> )	Under common control of the controlling shareholder
MINISO Lifestyle Proprietary Limited ( <i>i</i> )	Under common control of the controlling shareholder
YGF MC LIMITED	Under common control of the controlling shareholder
Minihome Hong Kong Limited ( <i>i</i> )	Under common control of the controlling shareholder
Wow Color Beauty Guangdong Technology Limited	Under common control of the controlling shareholder
Nome Design (Guangzhou) Limited ( <i>i</i> )	Under common control of the controlling shareholder
Haydon (Shanghai) Technology Co., Ltd.	Under common control of the controlling shareholder
Miniso Technology (Guangzhou) Co., Ltd.	Under common control of the controlling shareholder
199 Global Holding (Guangzhou) Limited	Under common control of the controlling shareholder
Mingyou ( <i>ii</i> )	Under common control of the controlling shareholder
Guangzhou Chyunju Catering Service Co., Ltd.	Under common control of the controlling shareholder
ACC Super Accessories Shenzhen Technology Limited	Significantly influenced by the controlling shareholder
Henhaohe Tea Guangdong limited	Under common control of the controlling shareholder
OasVision International Limited	Under common control of the controlling shareholder

*Notes:*

- (i) MINISO Lifestyle Proprietary Limited, Miniso Lifestyle Nigeria Limited, Minihome Hong Kong Limited and Nome Design (Guangzhou) Limited were subsidiaries of the Group prior to January 2020. They were sold to companies ultimately owned by Mr. Ye Guofu during the period from December 2019 to February 2020 and have become related parties of the Group since then (see Note 5).
- (ii) Mingyou is a subsidiary of YGF Investment, which was an equity accounted investee of the group prior to October 27, 2021. On October 27, 2021, the Group acquired the remaining 80% interest in YGF investment, YGF investment and Mingyou became wholly-owned subsidiaries of the Group since then. (see Note 19).
- (iii) The controlling shareholder sold its equity interests in Shenzhen Zhizhi Brand Incubation Limited to a third party on September 25, 2021. Shenzhen Zhizhi Brand Incubation Limited was no longer a related party of the Group since then.

**(b) Transactions with related parties***(i) Key management personnel compensation*

Key management personnel compensation comprised the following:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				<i>(unaudited)</i>	
Short-term employee benefits	7,832	5,431	8,795	4,372	8,146
Employee compensation expense (Note 8(i) and Note 32)	–	4,771	–	–	–
Equity-settled share-based payment expenses (Note 32)	28,574	79,021	39,727	39,727	–
	<u>36,406</u>	<u>89,223</u>	<u>48,522</u>	<u>44,099</u>	<u>8,146</u>

*(ii) Other transactions with related parties*

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				<i>(unaudited)</i>	

**Continuing operations**

Proceeds from repayment from the controlling shareholder					
– Mr. Ye Guofu (i)	269,934	297,105	–	–	–
Liabilities waived by the controlling shareholder					
– Mr. Ye Guofu (ii)	5,040	–	–	–	–
Cash advances to related parties					
– MINI Investment Holding Limited (iii)	9,508	–	–	–	–
– Mr. Ye Guofu (iv)	–	101,462	–	–	–
– Nome Design (Guangzhou) Limited (v)	–	5,205	–	–	–

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proceeds from repayment from related parties					
– MINI Investment Holding Limited ( <i>iii</i> )	–	–	9,508	9,508	–
– Nome Design (Guangzhou) Limited ( <i>v</i> )	–	–	5,205	5,205	–
Repayment to the controlling shareholder					
– Mr. Ye Guofu ( <i>vi</i> )	–	–	11,946	–	–
Sales of lifestyle products					
– Miniso Lifestyle Nigeria Limited	–	201	5,312	5,312	–
– OasVision International Limited	–	–	9,914	–	7,471
– Miniso Technology (Guangzhou) Co., Ltd.	–	–	2,378	–	–
Provision of information technology support and consulting services					
– Haydon (Shanghai) technology Co., Ltd. ( <i>vii</i> )	–	–	3,050	–	2,878
– Wow Color Beauty Guangdong Technology Limited ( <i>vii</i> )	–	–	9,912	–	4,030
– ACC Super Accessories Shenzhen Technology Limited ( <i>vii</i> )	–	–	–	–	2,725
– Henhaohe Tea Guangdong Limited ( <i>vii</i> )	–	–	–	–	7,040
Purchase of lifestyle products					
– Shanghai Kerong Networks Limited	191,232	177,367	38,148	21,284	8,331
– Shenzhen Zhizhi Brand Incubation Limited	97,298	52,385	22,220	16,129	4,407
– Wow Color Beauty Guangdong Technology Limited	–	13,339	19	–	399
– Nome Design (Guangzhou) Limited	–	648	581	581	–
– Haydon (Shanghai) technology Co., Ltd.	–	–	894	–	39
– 199 Global Holding (Guangzhou) Limited	–	–	135	9	190
Advanced payments received for purchase of lifestyle products					
– Miniso Lifestyle Nigeria Limited ( <i>viii</i> )	–	4,005	–	–	–
Provision of guarantee for a subsidiary of the equity-accounted investee					
– Mingyou ( <i>ix</i> )	–	–	160,000	–	160,000
Purchase of catering services					
– Guangzhou Chuyunju Catering Service Co., Ltd.	6,108	10,241	8,334	3,959	6,395
<b>Discontinued operations</b>					
Repayment of loans from the controlling shareholder					
– Mr. Ye Guofu ( <i>x</i> )	130,441	–	–	–	–
Interest incurred on loans from the controlling shareholder					
– Mr. Ye Guofu ( <i>x</i> )	5,014	–	–	–	–

(unaudited)





## (c) Balances with related parties

	As at June 30,			As at
	2019	2020	2021	December 31,
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
<b>Included in trade and other receivables from related parties:</b>				
<b>Non-trade related:</b>				
– Mr. Ye Guofu	131,151	–	–	–
– MINI Investment Holding Limited	9,508	9,508	–	–
– Nome Design (Guangzhou) Co., Ltd.	–	4,557	–	–
<b>Trade related:</b>				
– YGF MC LIMITED	–	–*	–	–
– Minihome Hong Kong Limited	–	–*	–	–
– Henhaohe Tea Guangdong limited	–	–	795	2,348
– ACC Super Accessories Shenzhen Technology Limited	–	–	996	636
– OasVision International Limited	–	–	–	2,040
	<u>140,659</u>	<u>14,065</u>	<u>1,791</u>	<u>5,024</u>
<b>Included in trade and other payables to related parties:</b>				
<b>Non-trade related:</b>				
– Mr. Ye Guofu	–	11,946	–	–
<b>Trade related:</b>				
– Shanghai Kerong Networks Limited	21,165	3,164	1,438	1,853
– Shenzhen Zhizhi Brand Incubation Limited	6,658	1,568	1,135	–
– Wow Color Beauty Guangdong Technology Limited	–	986	–	179
– Haydon (Shanghai) Technology Co., Ltd.	–	–	1,010	39
– 199 Global Holding (Guangzhou) Limited	–	–	94	–
– Guangzhou Chuyunju Catering Service Co., Ltd.	–	–	3,813	9,906
	<u>27,823</u>	<u>17,664</u>	<u>7,490</u>	<u>11,977</u>
<b>Included in contract liabilities:</b>				
<b>Trade related:</b>				
– Miniso Lifestyle Nigeria Limited	–	3,798	–	–
	<u>–</u>	<u>3,798</u>	<u>–</u>	<u>–</u>

Note:

- \* The amounts represented considerations receivable in connection with the disposal of discontinued operations, which were each less than RMB1,000. See Note 5 “Discontinued operations and assets and liabilities held for sale” for details.

## 38 COMPANY LEVEL FINANCIAL INFORMATION

The following presents condensed parent company financial information of the Group.

## (i) Condensed statement of profit or loss

	For the period from January 7, 2020 (date of incorporation) to June 30, 2020	For the Year ended June 30, 2021	For the six months ended December 31,	
			2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
			<i>(unaudited)</i>	
Other income	–	4,274	1,257	3,056
General and administrative expenses	(37)	(9,734)	(495)	(8,023)
Other net income	1,091	52,056	33,639	12,246
<b>Operating profit</b>	1,054	46,596	34,401	7,279
Finance income	–	1,030	562	1,845
Finance costs	–	(2)	(2)	–
Net finance income	–	1,028	560	1,845
Fair value changes of redeemable shares with other preferential rights/redeemable shares with other preferential rights	151,733	(1,625,287)	(1,625,287)	–
Share of loss of an equity-accounted investee, net of tax	–	(4,011)	–	(8,162)
<b>Profit/(loss) before taxation</b>	152,787	(1,581,674)	(1,590,326)	962
Income tax expense	–	–	–	–
<b>Profit/(loss) for the period/year</b>	<u>152,787</u>	<u>(1,581,674)</u>	<u>(1,590,326)</u>	<u>962</u>

## (ii) Condensed statement of profit or loss and other comprehensive income

	For the period from January 7, 2020 (date of incorporation) to June 30, 2020	For the Year ended June 30, 2021	For the six months ended December 31,	
			2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
			<i>(unaudited)</i>	
<b>Profit/(loss) for the period/year</b>	<u>152,787</u>	<u>(1,581,674)</u>	<u>(1,590,326)</u>	<u>962</u>
Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of the Company	13,606	(191,443)	(143,594)	(39,826)
<b>Other comprehensive income/(loss) for the period/year</b>	<u>13,606</u>	<u>(191,443)</u>	<u>(143,594)</u>	<u>(39,826)</u>
<b>Total comprehensive income/(loss) for the period/year</b>	<u>166,393</u>	<u>(1,773,117)</u>	<u>(1,733,920)</u>	<u>(38,864)</u>

## (iii) Condensed statement of financial position

	Note	As at June 30,		As at
		2020	2021	December 31,
		RMB'000	RMB'000	2021
				RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Interest in an equity-accounted investee		–	352,062	–
Investments in subsidiaries				
– Cost-accounted investments in subsidiaries		–*	–*	2,034,450
– Amounts due from subsidiaries		988,252	3,887,724	2,349,220
		<u>988,252</u>	<u>4,239,786</u>	<u>4,383,670</u>
<b>Current assets</b>				
Other receivables		7,082	3,031	21,056
Cash and cash equivalents		153,889	925,638	402,937
		<u>160,971</u>	<u>928,669</u>	<u>423,993</u>
<b>Total assets</b>		<u>1,149,223</u>	<u>5,168,455</u>	<u>4,807,663</u>
<b>EQUITY</b>				
Share capital	31(a)	69	92	92
Additional paid-in capital	31(a)	162,373	8,289,160	7,982,522
Other reserves		(1,547,333)	(1,721,689)	(1,773,450)
Retained earnings/(accumulated losses)		152,787	(1,428,887)	(1,427,926)
<b>Total (deficit)/equity</b>		<u>(1,232,104)</u>	<u>5,138,676</u>	<u>4,781,238</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Redeemable shares with other preferential rights		2,381,327	–	–
Deferred income		–	20,005	16,729
		<u>2,381,327</u>	<u>20,005</u>	<u>16,729</u>
<b>Current liabilities</b>				
Other payables		–	3,714	3,715
Deferred income		–	6,060	5,980
		<u>–</u>	<u>9,774</u>	<u>9,695</u>
<b>Total liabilities</b>		<u>2,381,327</u>	<u>29,779</u>	<u>26,424</u>
<b>Total equity and liabilities</b>		<u>1,149,223</u>	<u>5,168,455</u>	<u>4,807,662</u>

Note:

\* The amount was less than RMB1,000.

## (iv) Condensed statement of cash flow

	For the period from January 7, 2020 (date of incorporation) to June 30, 2020	For the year ended June 30, 2021	For the six months ended December 31,	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>2020</u>	<u>2021</u>
			<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>	
Net cash (used in)/from operating activities	(36)	28,366	40,916	(13,005)
Net cash used in investing activities	(972,092)	(3,432,692)	(3,017,678)	(176,524)
Net cash from/(used in) financing activities	1,127,145	4,181,655	4,181,655	(331,615)
Net increase/(decrease) in cash and cash equivalents	155,017	777,329	1,204,893	(521,144)
Cash and cash equivalents at beginning of the period/year	–	153,889	153,889	925,638
Effect of movements in exchange rates on cash held	(1,128)	(5,580)	(10,970)	(1,557)
Cash and cash equivalents at end of the period/year	<u>153,889</u>	<u>925,638</u>	<u>1,347,812</u>	<u>402,937</u>

**39 AMENDMENTS AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of amendments and new standards which are not yet effective for the Relevant Periods. The Group has not early adopted the amendments or standards in preparing the Historical Financial Information. These include the following:

	<b>Effective for accounting periods beginning on or after</b>
– Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)	January 1, 2022
– Annual improvements to IFRS standards 2018-2020	January 1, 2022
– Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16)	January 1, 2022
– Reference to the conceptual framework (Amendments to IFRS 3)	January 1, 2022
– Classification of liabilities as current or non-current (Amendments to IAS 1)	January 1, 2023
– IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts	January 1, 2023
– Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
– Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
– Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
– Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

#### 40 SUBSEQUENT EVENTS

Under the share repurchase program approved by the board of directors on December 21, 2021, the Company had repurchased 4,722,236 Class A ordinary shares at an average price of USD2.02 per share for a total consideration of USD9.55 million during the period from January 1, 2022 to June 20, 2022.

#### 41 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		For the year ended June 30, 2019					
	<i>Note</i>	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payments	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Directors</b>							
Mr. Ye Guofu	(i)	–	209	–	27	–	236
Mr. Li Minxin	(ii)	–	635	–	34	–	669
Mr. Zhang Saiyin	(ii)	–	1,487	489	25	11,354	13,355
Ms. Yang Yunyun	(iii)	–	209	–	27	–	236
Ms. Dou Na	(iii)	–	1,995	2,664	34	17,220	21,913
Total		–	4,535	3,153	147	28,574	36,409
		For the year ended June 30, 2020					
	<i>Note</i>	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payments	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Directors</b>							
Mr. Ye Guofu	(i)	–	184	–	27	–	211
Mr. Li Minxin	(ii)	–	557	–	27	–	584
Mr. Zhang Saiyin	(ii)	–	1,337	480	24	31,400	33,241
Ms. Yang Yunyun	(iii)	–	184	–	27	–	211
Ms. Dou Na	(iii)	–	1,880	1,337	19	47,623	50,859
Mr. Cao Wei	(iv)	–	–	–	–	–	–
Mr. Hao Rui	(iv)	–	–	–	–	–	–
Total		–	4,142	1,817	124	79,023	85,106

## For the year ended June 30, 2021

Note	Salaries, allowances and other benefits		Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payments	Total	
	Directors' fees						
	RMB'000	RMB'000					
<b>Directors</b>							
Mr. Ye Guofu	(i)	–	1,228	386	34	–	1,648
Mr. Li Minxin	(ii)	–	1,322	312	34	–	1,668
Mr. Zhang Saiyin	(ii)	–	1,527	474	18	15,786	17,805
Ms. Yang Yunyun	(iii)	–	52	–	8	–	60
Ms. Dou Na	(iii)	–	478	395	–	20,585	21,458
Mr. Cao Wei	(iv)	–	–	–	–	–	–
Mr. Hao Rui	(iv)	–	–	–	–	–	–
<b>Independent directors</b>							
Ms. Xu Lili	(v)	–	–	–	–	601	601
Mr. Zhu Yonghua	(v)	–	–	–	–	601	601
Total		–	4,607	1,567	94	37,573	43,841

## For the six months ended December 31, 2020 (unaudited)

Note	Salaries, allowances and other benefits		Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payments	Total	
	Directors' fees						
	RMB'000	RMB'000					
<b>Directors</b>							
Mr. Ye Guofu	(i)	–	104	–	17	–	121
Mr. Li Minxin	(ii)	–	315	–	17	–	332
Mr. Zhang Saiyin	(ii)	–	763	250	–	15,786	16,799
Ms. Yang Yunyun	(iii)	–	52	–	8	–	60
Ms. Dou Na	(iii)	–	478	395	–	20,585	21,458
Mr. Cao Wei	(iv)	–	–	–	–	–	–
Mr. Hao Rui	(iv)	–	–	–	–	–	–
<b>Independent directors</b>							
Ms. Xu Lili	(v)	–	–	–	–	427	427
Mr. Zhu Yonghua	(v)	–	–	–	–	427	427
Total		–	1,712	645	42	37,225	39,624

For the six months ended December 31, 2021

	Note	Salaries, allowances and other benefits		Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payments	Total
		Directors' fees					
		RMB'000	RMB'000				
<b>Directors</b>							
Mr. Ye Guofu	(i)	–	1,336	386	17	–	1,739
Mr. Li Minxin	(ii)	–	1,148	312	17	–	1,477
Mr. Zhang Saiyin	(ii)	–	775	224	18	–	1,017
<b>Independent directors</b>							
Ms. Xu Lili	(v)	242	–	–	–	102	344
Mr. Zhu Yonghua	(v)	–	–	–	–	395	395
Mr. Wang Yongping	(vi)	176	–	–	–	–	176
Total		418	3,259	922	52	497	5,148

- (i) Mr. Ye Guofu was appointed as directors of the Company on January 7, 2020. He is the founder, key management personnel of the Group and director of certain subsidiaries within the Group during the Relevant Periods and his remuneration disclosed above include those for services rendered by him as a key management personnel.
- (ii) Mr. Li Minxin and Mr. Zhang Saiyin were appointed as directors of the Company on February 14, 2020. They are key management personnel of the Group and directors of certain subsidiaries within the Group during the Relevant Periods and their remuneration disclosed above include those for services rendered by them as key management personnel.
- (iii) Ms. Yang Yunyun and Ms. Dou Na were appointed as directors of the Company on February 14, 2020 and resigned on September 22, 2020. They are key management personnel of the Group and directors of certain subsidiaries within the Group during the Relevant Periods and their remuneration disclosed above include those for services rendered by them as key management personnel up to the date of their resignation as directors of the Company.
- (iv) Mr. Hao Rui and Mr. Cao Wei were appointed as directors of the Company on February 14, 2020 and have resigned on October 5, 2020.
- (v) Ms. Xu Lili and Mr. Zhu Yonghua were appointed as independent directors of the Company on October 20, 2020.
- (vi) Mr. Wang Yongping was appointed as independent director of the Company on November 17, 2021.
- (vii) During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 42 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Periods.

## 42 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended June 30, 2019, 2020 and 2021 and the six months ended December 31, 2020 and 2021, of the five individuals with the highest emoluments, 2, 2, 2 and 2 (unaudited), 3 are directors whose emoluments are disclosed in Note 41.

The aggregate of the emoluments in respect of the other 3, 3, 3 and 3 (unaudited), 2 individuals are as follows:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Salaries, allowances and other benefits	2,652	2,334	3,339	1,666	1,430
Discretionary bonuses	1,465	842	1,019	509	805
Retirement scheme contributions	99	96	90	39	29
Equity-settled share-based payment	32,315	89,368	44,928	44,928	85
	<u>36,531</u>	<u>92,640</u>	<u>49,376</u>	<u>47,142</u>	<u>2,349</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	For the year ended June 30,			For the six months ended December 31,	
	2019	2020	2021	2020	2021
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
				<i>(unaudited)</i>	
Nil to HK\$10,000,000	–	–	–	–	2
HK\$10,000,001 to HK\$15,000,000	3	–	–	–	–
HK\$15,000,001 to HK\$20,000,000	–	–	2	3	–
HK\$20,000,001 to HK\$25,000,000	–	–	1	–	–
HK\$25,000,001 to HK\$30,000,000	–	1	–	–	–
HK\$35,000,001 to HK\$40,000,000	–	2	–	–	–
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Periods.

## SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2021.



*The following is the text of a report set out on pages IB-1 to IB-2, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out below is the unaudited condensed interim financial statements of the Company as at March 31, 2022, and does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix IA to this prospectus, and is included herein for information purpose only.*



## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE DIRECTORS OF MINISO GROUP HOLDING LIMITED**

### **Introduction**

We have reviewed the condensed interim financial statements of MINISO Group Holding Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages IB-3 to IB-37, which comprises the consolidated statement of financial position of the Group as at March 31, 2022, the consolidated statement of profit or loss and statement of profit or loss and other comprehensive income for the three months and nine months ended March 31, 2022, the consolidated statement of changes in equity and statement of cash flows for the nine months ended March 31, 2022, and explanatory notes (together, the “condensed interim financial statements”). The directors of the Company are responsible for the preparation and presentation of the condensed interim financial statements in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, issued by the International Accounting Standards Board. Our responsibility is to form a conclusion, based on our review, on the condensed interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”). A review of interim financial statements 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements as at March 31, 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

June 30, 2022

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*(Expressed in thousands of Renminbi, except per share data)*

	Note	For the three months ended March 31,		For the nine months ended March 31,	
		2021	2022	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Revenue	4	2,229,444	2,341,035	6,599,304	7,767,943
Cost of sales	6	(1,602,975)	(1,634,519)	(4,807,691)	(5,470,085)
<b>Gross profit</b>		626,469	706,516	1,791,613	2,297,858
Other income	5	4,284	2,296	48,088	20,882
Selling and distribution expenses	6	(296,466)	(362,000)	(923,958)	(1,087,622)
General and administrative expenses	6	(169,531)	(198,722)	(610,694)	(631,418)
Other net income/(loss)	7	8,426	499	(62,329)	46,463
Credit loss on trade and other receivables		(12,123)	(5,671)	(29,510)	(24,762)
Impairment loss on non-current assets		–	(1,931)	–	(11,467)
<b>Operating profit</b>		161,059	140,987	213,210	609,934
Finance income		8,646	12,744	31,690	39,181
Finance costs		(6,407)	(8,141)	(20,267)	(25,407)
Net finance income	8	2,239	4,603	11,423	13,774
Fair value changes of redeemable shares with other preferential rights		–	–	(1,625,287)	–
Share of loss of an equity-accounted investee, net of tax		(825)	–	(825)	(8,162)
<b>Profit/(loss) before taxation</b>		162,473	145,590	(1,401,479)	615,546
Income tax expense	9	(47,503)	(52,918)	(139,118)	(184,256)
<b>Profit/(loss) for the period</b>		<u>114,970</u>	<u>92,672</u>	<u>(1,540,597)</u>	<u>431,290</u>
<b>Attributable to:</b>					
Equity shareholders of the Company		121,860	96,554	(1,529,997)	433,333
Non-controlling interests		(6,890)	(3,882)	(10,600)	(2,043)
<b>Profit/(loss) for the period</b>		<u>114,970</u>	<u>92,672</u>	<u>(1,540,597)</u>	<u>431,290</u>
<b>Earnings/(loss) per share</b>					
Basic earnings/(loss) per share (RMB)	10	0.10	0.08	(1.32)	0.36
Diluted earnings/(loss) per share (RMB)	10	0.10	0.08	(1.32)	0.36

The accompanying notes are an integral part of these condensed interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME*(Expressed in thousands of Renminbi)*

	<i>Note</i>	For the three months ended March 31,		For the nine months ended March 31,	
		2021	2022	2021	2022
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(loss) for the period</b>		<u>114,970</u>	<u>92,672</u>	<u>(1,540,597)</u>	<u>431,290</u>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	<i>11</i>	<u>7,684</u>	<u>(11,139)</u>	<u>(40,089)</u>	<u>(1,962)</u>
<b>Other comprehensive income/(loss) for the period</b>		<u>7,684</u>	<u>(11,139)</u>	<u>(40,089)</u>	<u>(1,962)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u>122,654</u>	<u>81,533</u>	<u>(1,580,686)</u>	<u>429,328</u>
<b>Attributable to:</b>					
Equity shareholders of the Company		130,401	83,963	(1,568,554)	429,508
Non-controlling interests		<u>(7,747)</u>	<u>(2,430)</u>	<u>(12,132)</u>	<u>(180)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u>122,654</u>	<u>81,533</u>	<u>(1,580,686)</u>	<u>429,328</u>

The accompanying notes are an integral part of these condensed interim financial statements.

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Expressed in thousands of Renminbi)*

	<i>Note</i>	<b>As at June 30, 2021</b>	<b>As at March 31, 2022</b>
		<u>RMB'000</u>	<u>RMB'000</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	76,316	399,053
Right-of-use assets	<i>13</i>	689,887	2,348,776
Intangible assets	<i>14</i>	61,005	47,958
Goodwill		19,640	18,890
Deferred tax assets		168,552	162,561
Other receivables		–	10,000
Prepayments	<i>15</i>	138,481	201,958
Interest in an equity-accounted investee	<i>28</i>	352,062	–
		<u>1,505,943</u>	<u>3,189,196</u>
<b>Current assets</b>			
Other investments	<i>16</i>	102,968	206,526
Inventories	<i>17</i>	1,496,061	1,163,040
Trade and other receivables	<i>18</i>	824,725	1,060,564
Cash and cash equivalents	<i>19</i>	6,771,653	5,269,882
Restricted cash		3,680	9,925
		<u>9,199,087</u>	<u>7,709,937</u>
<b>Total assets</b>		<u><u>10,705,030</u></u>	<u><u>10,899,133</u></u>
<b>EQUITY</b>			
Share capital	<i>22(a)</i>	92	92
Additional paid-in capital	<i>22(a)</i>	8,289,160	7,982,717
Other reserves		928,005	963,033
Accumulated losses		<u>(2,558,291)</u>	<u>(2,149,418)</u>
<b>Equity attributable to equity shareholders of the Company</b>		<u>6,658,966</u>	<u>6,796,424</u>
<b>Non-controlling interests</b>		<u>(6,812)</u>	<u>(6,992)</u>
<b>Total equity</b>		<u><u>6,652,154</u></u>	<u><u>6,789,432</u></u>

	<i>Note</i>	<b>As at June 30, 2021</b>	<b>As at March 31, 2022</b>
		<u>RMB'000</u>	<u>RMB'000</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Contract liabilities	4	59,947	51,317
Loans and borrowings		6,925	6,336
Lease liabilities	20	483,144	385,882
Deferred income		20,005	15,188
		<u>570,021</u>	<u>458,723</u>
<b>Current liabilities</b>			
Loans and borrowings		13,669	5,142
Trade and other payables	21	2,809,182	2,979,846
Contract liabilities	4	266,919	328,001
Lease liabilities	20	321,268	260,613
Deferred income		6,060	5,955
Current taxation		65,757	71,421
		<u>3,482,855</u>	<u>3,650,978</u>
<b>Total liabilities</b>		<u><u>4,052,876</u></u>	<u><u>4,109,701</u></u>
<b>Total equity and liabilities</b>		<u><u>10,705,030</u></u>	<u><u>10,899,133</u></u>

The accompanying notes are an integral part of these condensed interim financial statements.

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(Expressed in thousands of Renminbi)

Note	Attributable to equity shareholders of the Company										
	Share capital	Additional paid-in capital	Merger reserve	Treasury shares	Share-based payments reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at July 1, 2020</b>	69	162,373	117,912	(19,393)	486,438	(5,395)	46,422	(1,125,055)	(336,629)	13,583	(323,046)
<b>Changes in equity for the nine months ended March 31, 2021</b>	-	-	-	-	-	-	-	(1,529,997)	(1,529,997)	(10,600)	(1,540,597)
Loss for the period	-	-	-	-	-	-	-	-	(38,557)	(1,532)	(40,089)
Other comprehensive loss for the period	-	-	-	-	-	(38,557)	-	(1,529,997)	(1,568,554)	(12,132)	(1,580,686)
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	1,194	-	1,194
Capital injection from shareholders	1	1,193	-	(973)	-	-	-	-	-	-	-
Consolidation of special purpose vehicles	-	973	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares relating to initial public offering and exercise of the over-allotment option, net of underwriting commissions and other issuance costs	9	4,178,851	-	-	-	-	-	-	4,178,860	-	4,178,860
Release of ordinary shares from share award scheme	5	(18,065)	-	18,060	-	-	-	-	-	-	-
Conversion of Series A preferred shares into Class A ordinary shares	8	3,963,835	-	-	-	-	-	-	3,963,843	-	3,963,843
Equity settled share-based transactions	-	-	-	-	250,360	-	-	-	250,360	-	250,360
Acquisition of a subsidiary with non-controlling interests	23	-	-	-	-	-	-	-	-	(4,021)	(4,021)
Appropriation to statutory reserve	-	-	-	-	-	-	17,753	(17,753)	-	-	-
<b>Balance at March 31, 2021</b>	92	8,289,160	117,912	(2,306)	736,798	(43,952)	64,175	(2,672,805)	6,489,074	(2,570)	6,486,504

		Attributable to equity shareholders of the Company										
Note	Share capital RMB'000	Additional paid-in capital RMB'000	Merger reserve RMB'000	Treasury shares RMB'000	Share-based payments		Translation reserve RMB'000	PRC statutory reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
					reserve RMB'000	reserve RMB'000						
	92	8,289,160	117,912	(2,306)	767,757	(20,006)	64,648	(2,558,291)	6,658,966	(6,812)	6,652,154	
<b>Balance at July 1, 2021</b>												
<b>Changes in equity for the nine months ended March 31, 2022</b>												
Profit/(loss) for the period	-	-	-	-	-	-	-	433,333	433,333	(2,043)	431,290	
Other comprehensive (loss)/income for the period	-	-	-	-	-	(3,825)	-	-	(3,825)	1,863	(1,962)	
	-	-	-	-	-	(3,825)	-	433,333	429,508	(180)	429,328	
<b>Total comprehensive (loss)/income for the period</b>												
Dividend declared	-	(306,255)	-	-	-	-	-	-	(306,255)	-	(306,255)	
Exercise of options	-	482	-	-	-	-	-	-	482	-	482	
Release of ordinary shares from share award scheme	-	(670)	-	670	-	-	-	-	-	-	-	
Repurchase of shares	-	-	-	(54,704)	-	-	-	-	(54,704)	-	(54,704)	
Equity settled share-based transactions	-	-	-	-	68,427	-	-	-	68,427	-	68,427	
Appropriation to statutory reserve	-	-	-	-	-	-	24,460	(24,460)	-	-	-	
	92	7,982,717	117,912	(56,340)	836,184	(23,831)	89,108	(2,149,418)	6,796,424	(6,992)	6,789,432	
<b>Balance at March 31, 2022</b>												

The accompanying notes are an integral part of these condensed interim financial statements.



## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Renminbi)

	Note	For the nine months ended March 31,	
		2021	2022
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,039,707	1,219,458
Income tax paid		(120,881)	(171,273)
<b>Net cash from operating activities</b>		<u>918,826</u>	<u>1,048,185</u>
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment and intangible assets		(36,192)	(312,704)
Payment for acquisition of land use right		–	(891,428)
Proceeds from disposal of property, plant and equipment and intangible assets		3,336	–
Payments for purchases of other investments		(21,168,284)	(10,985,482)
Proceeds from disposal of other investments		21,068,284	10,885,482
Interest income		31,690	39,181
Investment income from other investments		39,319	54,194
Proceeds from repayment from related parties		14,713	–
Payments for investment in an equity accounted investee		(355,927)	–
Acquisition of a subsidiary, net of cash acquired		(8,824)	(683,483)
<b>Net cash used in investing activities</b>		<u>(411,885)</u>	<u>(1,894,240)</u>
<b>Cash flows from financing activities</b>			
Proceeds from subscription of restricted shares and exercise of options		2,619	482
Proceeds from initial public offering and exercise of the over-allotment option, net of underwriting commissions and other issuance costs		4,178,860	–
Repayment of loans and borrowings		(414,037)	(503)
Payment of capital element and interest element of lease liabilities		(183,774)	(245,876)
Interest paid		(1,488)	(1,000)
Dividends paid		–	(306,255)
Payments of repurchase of shares		–	(54,704)
Prepayment for repurchase of shares		–	(17,061)
Payments of listing expenses		–	(4,742)
<b>Net cash from/(used in) financing activities</b>		<u>3,582,180</u>	<u>(629,659)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>4,089,121</u>	<u>(1,475,714)</u>
Cash and cash equivalents at the beginning of the period		2,853,980	6,771,653
Effect of movements in exchange rates on cash held		(18,684)	(26,057)
<b>Cash and cash equivalents at the end of the period</b>	19	<u><u>6,924,417</u></u>	<u><u>5,269,882</u></u>

The accompanying notes are an integral part of these condensed interim financial statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

*(Expressed in thousands of Renminbi, unless otherwise indicated)*

**1 GENERAL INFORMATION AND BASIS OF PREPARATION****1.1 General information**

MINISO Group Holding Limited (the “Company”) was incorporated in the Cayman Islands on January 7, 2020, as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company completed its initial public offering (“IPO”) on October 15, 2020 and the Company’s American Depositary Shares (“ADSs”) have been listed on the New York Stock Exchange since then. Each ADS of the Company represents four ordinary shares.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the retail and wholesale of lifestyle and pop toy products across the People’s Republic of China (the “PRC”) and other countries in Asia, America, and Europe, etc. The Company does not conduct any substantive operations of its own but conducts its primary business operations through its subsidiaries.

**1.2 Basis of preparation**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. It has also been prepared in accordance with the same accounting policies adopted in the Group’s last annual consolidated financial statements as at and for the year ended June 30, 2021 (“Annual Financial Statements”) and should be read in conjunction with the Annual Financial Statements. They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). However, selected explanatory notes are included to explain events and transactions that are significant for understanding of the changes in the Group’s financial position and performance since the Annual Financial Statements.

**2 ACCOUNTING JUDGEMENTS AND ESTIMATES**

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the Annual Financial Statements.

**3 SEGMENT REPORTING**

The Group manages its businesses by divisions, which are organized by a mixture of both brands and geography. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the two reportable segments, MINISO brand and TOP TOY brand, during the three months and nine months ended March 31, 2021 and 2022.

No other operating segments have been aggregated to these two reportable segments, but have been aggregated and presented as “other segment”. Business included as other segment did not meet the quantitative thresholds for reportable segments for the three months and nine months ended March 31, 2021 and 2022. The segment information is as follows:

<b>Reportable segments</b>	<b>Operations</b>
MINISO brand	Design, buying and sale of lifestyle products
TOP TOY brand	Design, buying and sale of pop toys

## (i) Segment results, assets and liabilities

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

	As at and for the three months ended March 31, 2021				
	Reportable segments			Other segment	Total
	MINISO brand	TOP TOY brand	Total reportable segments		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
External revenues	2,149,482	23,753	2,173,235	56,209	2,229,444
Inter-segment revenue	–	–	–	43,640	43,640
<b>Segment revenue</b>	2,149,482	23,753	2,173,235	99,849	2,273,084
<b>Segment profit/(loss) before taxation</b>	153,177	(4,176)	149,001	14,297	163,298
Finance income	8,326	3	8,329	317	8,646
Finance costs	(5,829)	(578)	(6,407)	–	(6,407)
Depreciation and amortization	(61,759)	(3,044)	(64,803)	(516)	(65,319)
Other material non-cash items:					
- credit loss on trade and other receivables	(11,905)	(193)	(12,098)	(25)	(12,123)
<b>Segment assets</b>	9,927,060	163,913	10,090,973	234,016	10,324,989
<b>Segment liabilities</b>	3,527,937	169,266	3,697,203	141,282	3,838,485

	As at and for the three months ended March 31, 2022				
	Reportable segments			Other segment	Total
	MINISO brand	TOP TOY brand	Total reportable segments		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
External revenues	2,199,752	111,192	2,310,944	30,091	2,341,035
Inter-segment revenue	–	–	–	60,810	60,810
<b>Segment revenue</b>	2,199,752	111,192	2,310,944	90,901	2,401,845
<b>Segment profit before taxation</b>	128,909	3,800	132,709	27,298	160,007
Finance income	11,603	95	11,698	836	12,534
Finance costs	(6,699)	(1,440)	(8,139)	(2)	(8,141)
Depreciation and amortization	(75,022)	(11,665)	(86,687)	(963)	(87,650)
Other material non-cash items:					
- credit loss on trade and other receivables	(4,686)	(949)	(5,635)	(36)	(5,671)
- impairment loss on non-current assets	(1,931)	–	(1,931)	–	(1,931)
<b>Segment assets</b>	7,915,823	507,012	8,422,835	198,445	8,621,280
<b>Segment liabilities</b>	3,463,783	576,871	4,040,654	49,241	4,089,895

## As at and for the nine months ended March 31, 2021

	Reportable segments			Other segment	Total
	MINISO brand	TOP TOY brand	Total reportable segments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	6,387,145	26,370	6,413,515	185,789	6,599,304
Inter-segment revenue	–	–	–	74,114	74,114
<b>Segment revenue</b>	6,387,145	26,370	6,413,515	259,903	6,673,418
<b>Segment profit/(loss) before taxation</b>	192,578	(6,843)	185,735	38,898	224,633
Finance income	30,775	4	30,779	911	31,690
Finance costs	(19,266)	(991)	(20,257)	(10)	(20,267)
Depreciation and amortization	(185,008)	(5,000)	(190,008)	(694)	(190,702)
Other material non-cash items:					
- credit loss on trade and other receivables	(29,302)	(198)	(29,500)	(10)	(29,510)
<b>Segment assets</b>	9,927,060	163,913	10,090,973	234,016	10,324,989
<b>Segment liabilities</b>	3,527,937	169,266	3,697,203	141,282	3,838,485

## As at and for the nine months ended March 31, 2022

	Reportable segments			Other segment	Total
	MINISO brand	TOP TOY brand	Total reportable segments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	7,273,858	351,520	7,625,378	142,565	7,767,943
Inter-segment revenue	–	–	–	142,410	142,410
<b>Segment revenue</b>	7,273,858	351,520	7,625,378	284,975	7,910,353
<b>Segment profit/(loss) before taxation</b>	656,701	(61,262)	595,439	55,106	650,545
Finance income	36,130	120	36,250	2,462	38,712
Finance costs	(20,322)	(5,074)	(25,396)	(11)	(25,407)
Depreciation and amortization	(241,024)	(16,900)	(257,924)	(1,242)	(259,166)
Other material non-cash items:					
- credit loss on trade and other receivables	(22,253)	(2,447)	(24,700)	(62)	(24,762)
- impairment loss on non-current assets	(8,003)	(3,464)	(11,467)	–	(11,467)
<b>Segment assets</b>	7,915,823	507,012	8,422,835	198,445	8,621,280
<b>Segment liabilities</b>	3,463,783	576,871	4,040,654	49,241	4,089,895

## (ii) Reconciliations of information on reportable segments to the amounts reported in the condensed interim financial statements

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>i. Revenue</b>				
Total revenue for reportable segments	2,173,235	2,310,944	6,413,515	7,625,378
Revenue for other segment	99,849	90,901	259,903	284,975
Elimination of inter-segment revenue	(43,640)	(60,810)	(74,114)	(142,410)
Consolidated revenue	<u>2,229,444</u>	<u>2,341,035</u>	<u>6,599,304</u>	<u>7,767,943</u>
<b>ii. Profit/(loss) before taxation</b>				
Total profit before taxation for reportable segments	149,001	132,709	185,735	595,439
Profit before taxation for other segment	14,297	27,298	38,898	55,106
Unallocated amounts:				
– Fair value changes of redeemable shares with other preferential rights	–	–	(1,625,287)	–
– Share of loss of an equity-accounted investee, net of tax expense	(825)	–	(825)	(8,162)
– Expenses relating to construction of headquarter building and depreciation expense of apartments for use as staff quarters	–	(14,417)	–	(26,837)
Consolidated profit/(loss) before taxation	<u>162,473</u>	<u>145,590</u>	<u>(1,401,479)</u>	<u>615,546</u>
			<u>As at June 30, 2021</u>	<u>As at March 31, 2022</u>
			<i>RMB'000</i>	<i>RMB'000</i>
<b>iii. Assets</b>				
Total assets for reportable segments		10,188,040	8,422,835	
Assets for other segment		164,928	198,445	
Unallocated amounts:				
– Interest in an equity-accounted investee		352,062	–	
– Assets relating to construction of headquarter building		–	2,024,039	
– Apartments for use as staff quarters		–	253,814	
Consolidated total assets		<u>10,705,030</u>	<u>10,899,133</u>	

	As at June 30, 2021	As at March 31, 2022
	<u>RMB'000</u>	<u>RMB'000</u>
<b>iv. Liabilities</b>		
Total liabilities for reportable segments	3,995,757	4,040,654
Liabilities for other segment	57,119	49,241
Unallocated amounts		
– Liabilities relating to construction of headquarter building	–	19,806
	<u>                    </u>	<u>                    </u>
Consolidated total liabilities	<u>4,052,876</u>	<u>4,109,701</u>

**v. Other material items**

	<u>For the three months ended March 31, 2021</u>			
	<u>Reportable segment totals</u>	<u>Other segment</u>	<u>Unallocated amounts</u>	<u>Consolidated totals</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Finance income	8,329	317	–	8,646
Finance costs	(6,407)	–	–	(6,407)
Depreciation and amortization	(64,803)	(516)	–	(65,319)
Credit loss on trade and other receivables	(12,098)	(25)	–	(12,123)

	<u>For the three months ended March 31, 2022</u>			
	<u>Reportable segment totals</u>	<u>Other segment</u>	<u>Unallocated amounts</u>	<u>Consolidated totals</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Finance income	11,698	836	210	12,744
Finance costs	(8,139)	(2)	–	(8,141)
Depreciation and amortization	(86,687)	(963)	(13,479)	(101,129)
Credit loss on trade and other receivables	(5,635)	(36)	–	(5,671)
Impairment loss on non-current assets	(1,931)	–	–	(1,931)

	<u>For the nine months ended March 31, 2021</u>			
	<u>Reportable segment totals</u>	<u>Other segment</u>	<u>Unallocated amounts</u>	<u>Consolidated totals</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Finance income	30,779	911	–	31,690
Finance costs	(20,257)	(10)	–	(20,267)
Depreciation and amortization	(190,008)	(694)	–	(190,702)
Credit loss on trade and other receivables	(29,500)	(10)	–	(29,510)

## For the nine months ended March 31, 2022

	Reportable segment totals	Other segment	Unallocated amounts	Consolidated totals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income	36,250	2,462	469	39,181
Finance costs	(25,396)	(11)	–	(25,407)
Depreciation and amortization	(257,924)	(1,242)	(24,589)	(283,755)
Credit loss on trade and other receivables	(24,700)	(62)	–	(24,762)
Impairment loss on non-current assets	(11,467)	–	–	(11,467)

## (iii) Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other regions. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets are based on the geographic location of the assets.

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>i. Revenue</b>				
the PRC (place of domicile)	1,788,277	1,822,965	5,344,955	5,909,250
Other Asian countries excluding the PRC	259,776	256,225	684,654	827,861
America	116,985	213,871	394,728	809,501
Europe	22,997	27,874	87,257	146,887
Others	41,409	20,100	87,710	74,444
	<u>2,229,444</u>	<u>2,341,035</u>	<u>6,599,304</u>	<u>7,767,943</u>

	As at June 30, 2021	As at March 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>ii. Non-current assets</b>		
the PRC (place of domicile)	902,793	2,555,368
Other Asian countries excluding the PRC	82,414	67,233
America	191,304	189,973
Europe	22,399	12,103
	<u>1,198,910</u>	<u>2,824,677</u>

Non-current assets exclude deferred tax assets and non-current prepayments.

**4 REVENUE**

The Group's revenue is primarily derived from the sale of lifestyle and pop toy products through self-operated stores, franchised stores, offline distributors in the PRC and overseas and online sales conducted through the Group's own mobile applications and self-operated online stores on third-party e-commerce platforms and through online distributors. Other sources of revenue mainly include license fees, sales-based royalties and sales-based management and consultation service fees from franchisees and distributors.

**(i) Disaggregation of revenue**

In the following table, revenue from contracts with customers is disaggregated by major products and service lines, primary geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 3).

	For the three months ended		For the nine months ended	
	March 31,		March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Major products/service lines</i>				
– Sales of lifestyle and pop toy products				
– Retail sales in self-operated stores	76,638	119,211	245,036	410,449
– Product sales to franchisees	1,342,552	1,357,150	4,054,559	4,345,319
– Sales to offline distributors	377,342	383,388	1,061,638	1,457,224
– Online sales	153,620	137,705	449,310	504,780
– Other sales channels	26,228	92,813	39,032	190,106
Sub-total	1,976,380	2,090,267	5,849,575	6,907,878
– License fees, sales-based royalties, and sales-based management and consultation service fees				
– License fees	21,320	32,216	52,014	83,588
– Sales-based royalties	24,309	24,185	72,402	77,577
– Sales-based management and consultation service fees	121,309	118,259	361,774	381,261
Sub-total	166,938	174,660	486,190	542,426
– Others*	86,126	76,108	263,539	317,639
	2,229,444	2,341,035	6,599,304	7,767,943

*Note:*

\* Others mainly represented sales of fixtures to franchisees and distributors.



	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Primary geographical markets</i>				
– the PRC	1,788,277	1,822,965	5,344,955	5,909,250
– Other Asian countries excluding the PRC	259,776	256,225	684,654	827,861
– America	116,985	213,871	394,728	809,501
– Europe	22,997	27,874	87,257	146,887
– Others	41,409	20,100	87,710	74,444
	<u>2,229,444</u>	<u>2,341,035</u>	<u>6,599,304</u>	<u>7,767,943</u>
<i>Timing of revenue recognition</i>				
– Products transferred at a point of time	2,062,506	2,166,375	6,113,114	7,225,517
– Services transferred over time	166,938	174,660	486,190	542,426
	<u>2,229,444</u>	<u>2,341,035</u>	<u>6,599,304</u>	<u>7,767,943</u>
Revenue from contracts with customers	<u>2,229,444</u>	<u>2,341,035</u>	<u>6,599,304</u>	<u>7,767,943</u>

Revenue from individual customer contributing over 10% of total revenue of the Group during the three months and nine months ended March 31, 2021 and 2022 is set out as below:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Customer A	<u>227,169</u>	<u>N/A*</u>	<u>722,454</u>	<u>N/A*</u>

*Note:*

\* Less than 10% of the Group's revenue in the respective period.

## (ii) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	<i>Note</i>	<b>As at June 30, 2021</b>	<b>As at March 31, 2022</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Receivables, which are included in 'trade and other receivables'	18	315,001	344,787
Contract liabilities			
– Current portion		(266,919)	(328,001)
– Non-current portion		(59,947)	(51,317)
Total contract liabilities		(326,866)	(379,318)
		<b>As at June 30, 2021</b>	<b>As at March 31, 2022</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities are analyzed as follows:			
– Advance payments received from customers for purchase of goods		235,435	232,097
– Deferred revenue related to license fees		91,431	91,161
– Deferred revenue related to membership fees		–	56,060
Total contract liabilities		326,866	379,318

The Group requests 20% to 100% advance payment for purchase of goods from certain overseas distributors prior to delivery of goods. This gives rise to contract liabilities at the start of a sales order, until the revenue of sales of products recognized on the corresponding sale order exceeds the amount of payments received in advance.

Unamortized portion of upfront license fees and membership fees received was recognized as contract liability.

Movements in contract liabilities are as follows:

	<b>Contract liabilities</b>
	<i>RMB'000</i>
Balance at July 1, 2021	326,866
Decrease in contract liabilities as a result of recognizing revenue during the period that was included in the contract liabilities at the beginning of the period	(254,940)
Increase in contract liabilities as a result of receiving advance payment for purchase of goods	231,724
Increase in contract liabilities as a result of receiving payment of license fees	19,608
Increase in contract liabilities as a result of receiving payment of membership fees	56,060
Balance at March 31, 2022	379,318

As of March 31, 2022, license fees expected to be recognized as revenue after one year were RMB51,317,000.

**(iii) Seasonality of operations and COVID-19 impact**

The Group's business is subject to seasonal fluctuation, typically with relatively stronger performance in the quarters ended September 30 and December 31, which were mainly due to the higher retail demand in holiday seasons. As a result, the Group typically reports lower revenues for the quarter ended March 31 than the quarters ended September 30 and December 31.

During the nine months ended March 31, 2022, as the COVID-19 situation continues to evolve globally and new variants have emerged, the Group's overseas self-operated stores, franchised stores and sales to overseas distributors continued to be adversely affected by temporary store closures, reduced opening hours and/or reduced consumer traffic. The outbreak of the Delta and Omicron variants of COVID-19 in the PRC has also caused disruptions to the operation of the Group's logistics and transportation service providers, which has also negatively impacted the Group's product shipment and delivery to overseas market.

In addition, the outbreak of the Omicron variants of COVID-19 in several provinces in the PRC during the three months ended March 31, 2022 caused temporary store closures and suspension of online sales in these areas, as a result of governmental restriction measures. Accordingly, the Group recorded lower revenues in these impacted provinces during the three months ended March 31, 2022.

**5 OTHER INCOME**

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax refund	–	–	203	1,610
Government grants <i>(Note (i))</i>	2,781	828	45,125	14,748
Income from depositary bank <i>(Note (ii))</i>	1,503	1,468	2,760	4,524
	<u>4,284</u>	<u>2,296</u>	<u>48,088</u>	<u>20,882</u>

*Notes:*

- (i) Government grants mainly represented unconditional cash awards granted by the local authorities in the PRC.
- (ii) The Company received an initial payment of USD4,690,000 (equivalent to RMB30,995,000) from depositary bank in December 2020, in connection with the establishment and maintenance of depositary receipt. The amount was amortized using the straight-line method over a five-year arrangement period and was recorded in other income.

## 6 EXPENSES BY NATURE

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of inventories ( <i>Note 17(a)</i> )	1,585,384	1,597,937	4,764,835	5,360,527
Payroll and employee benefits ( <i>Note (i)</i> )	192,199	223,734	715,596	675,327
Rental and related expenses	4,402	14,230	16,202	23,400
Depreciation and amortization ( <i>Note (ii)</i> )	65,319	101,129	190,702	283,755
Licensing expenses	17,076	36,697	60,190	110,643
Promotion and advertising expenses	50,752	61,609	146,395	198,676
Logistics expenses	49,326	60,105	152,205	210,784
Travelling expenses	8,600	13,983	36,695	51,383
Listing expenses	–	528	–	528
Other expenses	95,914	85,289	259,523	274,102
Total cost of sales, selling and distribution and general and administrative expenses	<u>2,068,972</u>	<u>2,195,241</u>	<u>6,342,343</u>	<u>7,189,125</u>

*Notes:*

(i) Payroll and employee benefits are analyzed as follows:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, wages and bonus	134,349	176,477	401,566	517,638
Contributions to social security contribution plan	16,206	20,307	39,006	58,789
Welfare expenses	7,661	8,923	24,664	30,473
Equity-settled share-based payment expenses ( <i>Note 23</i> )	33,983	18,027	250,360	68,427
	<u>192,199</u>	<u>223,734</u>	<u>715,596</u>	<u>675,327</u>

(ii) Depreciation and amortization are analyzed as follows:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment ( <i>Note 12</i> )	9,895	13,275	24,042	39,212
Right-of-use assets ( <i>Note 13</i> )	49,618	82,688	150,968	228,529
Intangible assets ( <i>Note 14</i> )	5,806	5,166	15,692	16,014
	<u>65,319</u>	<u>101,129</u>	<u>190,702</u>	<u>283,755</u>

## 7 OTHER NET INCOME/(LOSS)

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange loss	(18,745)	(2,946)	(104,111)	(14,435)
Losses on disposal of property, plants and equipment and intangible assets	(654)	(662)	(1,449)	(2,560)
Investment income from other investments	24,354	13,748	39,319	54,194
Scrap income	3,158	2,693	8,420	9,080
Net change in fair value of other investments	639	(1,763)	1,076	3,558
Losses on surrender of leases	–	(7,956)	–	(7,956)
Others	(326)	(2,615)	(5,584)	4,582
	<u>8,426</u>	<u>499</u>	<u>(62,329)</u>	<u>46,463</u>

## 8 NET FINANCE INCOME

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income				
– Interest income	<u>8,646</u>	<u>12,744</u>	<u>31,690</u>	<u>39,181</u>
Finance costs				
– Interest on loans and borrowings	(175)	(71)	(1,237)	(373)
– Interest on lease liabilities	<u>(6,232)</u>	<u>(8,070)</u>	<u>(19,030)</u>	<u>(25,034)</u>
	<u>(6,407)</u>	<u>(8,141)</u>	<u>(20,267)</u>	<u>(25,407)</u>
Net finance income	<u>2,239</u>	<u>4,603</u>	<u>11,423</u>	<u>13,774</u>

## 9 INCOME TAXES

## (a) Taxation recognized in consolidated statement of profit or loss:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Current tax</i>				
Provision for the period	42,395	54,289	138,572	179,268
<i>Deferred tax</i>				
Origination and reversal of temporary differences	5,108	(1,371)	546	4,988
Income tax expense	<u>47,503</u>	<u>52,918</u>	<u>139,118</u>	<u>184,256</u>

## (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before taxation	<u>162,473</u>	<u>145,590</u>	<u>(1,401,479)</u>	<u>615,546</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	37,145	39,405	63,234	159,102
Tax effect of share-based compensation expenses and employee compensation expenses ( <i>Note 6(i)</i> )	8,496	4,067	62,590	16,667
Tax effect of other non-deductible expenses	505	751	5,420	2,413
Effect of preferential tax treatments on assessable profits of a subsidiary	(10,446)	(4,933)	(29,808)	(15,013)
Tax effect of exempted and non-taxable interest income	(2,681)	(900)	(4,206)	(3,005)
Tax effect of unused tax losses not recognized	27,995	12,067	55,188	22,160
Effect of deductible temporary differences not recognized/(utilized)	<u>(13,511)</u>	<u>2,461</u>	<u>(13,300)</u>	<u>1,932</u>
Actual tax expenses	<u>47,503</u>	<u>52,918</u>	<u>139,118</u>	<u>184,256</u>

## 10 EARNINGS/(LOSS) PER SHARE

## (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share has been based on the following profit/(loss) attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding.

## (i) Profit/(loss) attributable to ordinary shareholders (basic):

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(loss) attributable to the equity shareholders of the Company	121,860	96,554	(1,529,997)	433,333
Less: Allocation of undistributed earnings to holders of unvested restricted shares	(580)	(210)	117,474	(1,139)
Profit/(loss) used to determine basic earnings/(loss) per share	<u>121,280</u>	<u>96,344</u>	<u>(1,412,523)</u>	<u>432,194</u>

## (ii) Weighted-average number of ordinary shares (basic):

The respective weighted average number of ordinary shares of 1,204,349,933 and 1,205,607,361 in issue for the three months ended March 31, 2021 and 2022, and the respective weighted average number of ordinary shares of 1,071,333,341 and 1,206,174,561 in issue for the nine months ended March 31, 2021 and 2022 were calculated as follows:

	For the three months ended March 31,	
	2021	2022
	RMB'000	RMB'000
Issued ordinary share at January 1	1,204,349,933	1,206,653,619
Effect of shares released from share award scheme and option plan (Note 23)	–	116,860
Effect of repurchase of shares (Note 22(b))	–	(1,163,118)
Weighted average number of ordinary shares	<u>1,204,349,933</u>	<u>1,205,607,361</u>

	For the nine months ended March 31,	
	2021	2022
	RMB'000	RMB'000
Issued ordinary share at July 1, 2020/2021	865,591,398	1,204,860,715
Effect of shares issued upon IPO and exercise of the over-allotment option	133,595,854	–
Effect of shares converted from Series A preferred shares	72,146,089	–
Effect of shares released from share award scheme and option plan (Note 23)	–	1,978,106
Effect of repurchase of shares (Note 22(b))	–	(664,260)
Weighted average number of ordinary shares	<u>1,071,333,341</u>	<u>1,206,174,561</u>

**(b) Diluted earnings/(loss) per share**

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares.

During the three months ended March 31, 2021 and 2022 and the nine months ended March 31, 2022, the calculation of diluted earnings per share was based on the profit attributable to equity shareholders of the Company of RMB121,860,000, RMB96,554,000 and RMB433,333,000, respectively, and the weighted average number of ordinary shares of 1,218,583,304 shares, 1,212,557,418 shares and 1,217,029,163 shares, respectively, after adjusting for the dilutive effect of share award scheme and option plan, calculated as follows:

	For the three months ended March 31,		For the nine months ended March 31,
	2021	2022	2022
	<i>Number of shares</i>	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares, basic	1,204,349,933	1,205,607,361	1,206,174,561
Dilutive effect of share award scheme and option plan ( <i>Note 23</i> )	14,233,371	6,950,057	10,854,602
Weighted average number of ordinary shares, diluted	<u>1,218,583,304</u>	<u>1,212,557,418</u>	<u>1,217,029,163</u>

There was no difference between basic and diluted loss per share during the nine months ended March 31, 2021 as the effect of the restricted shares granted to employees and share options granted to employees would be anti-dilutive.

**11 OTHER COMPREHENSIVE INCOME/(LOSS)**

Amounts recognized in consolidated other comprehensive income/(loss)

	For the three months ended March 31, 2021		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	7,684	–	7,684
Other comprehensive income	<u>7,684</u>	<u>–</u>	<u>7,684</u>
	For the three months ended March 31, 2022		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	(11,139)	–	(11,139)
Other comprehensive loss	<u>(11,139)</u>	<u>–</u>	<u>(11,139)</u>



	For the nine months ended March 31, 2021		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	(40,089)	–	(40,089)
Other comprehensive loss	(40,089)	–	(40,089)
	<b>(40,089)</b>	<b>–</b>	<b>(40,089)</b>
	For the nine months ended March 31, 2022		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	(1,962)	–	(1,962)
Other comprehensive loss	(1,962)	–	(1,962)
	<b>(1,962)</b>	<b>–</b>	<b>(1,962)</b>

## 12 PROPERTY, PLANT AND EQUIPMENT

	Apartments	Leasehold improvements	Office equipment	Store operating equipment	Motor vehicles	Moulds	Constructions in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Net book value at July 1, 2021	–	34,510	18,805	21,771	1,230	–	–
Additions	242,639	39,615	14,663	6,463	232	21,407	41,026	366,045
Acquisition of assets through acquisition of a subsidiary	–	–	–	–	–	–	10,276	10,276
Disposals	–	(98)	(1,494)	(839)	(122)	(83)	–	(2,636)
Depreciation	(5,360)	(11,065)	(4,909)	(6,311)	(345)	(11,222)	–	(39,212)
Impairment	–	(6,865)	(1,380)	(2,800)	–	–	–	(11,045)
Exchange adjustment	–	(501)	22	(204)	(8)	–	–	(691)
Net book value at March 31, 2022	<b>237,279</b>	<b>55,596</b>	<b>25,707</b>	<b>18,080</b>	<b>987</b>	<b>10,102</b>	<b>51,302</b>	<b>399,053</b>

Apartments represent the apartments located in the PRC acquired from a third party. As of March 31, 2022, the property ownership certificates of certain apartments were still under processing.

During the nine months ended March 31, 2022, impairment losses recognized were mainly in respect of the leasehold improvements, office equipment and operating equipment of self-operated stores.

## 13 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<b>Property</b>	<b>Warehouse equipment</b>	<b>Land use right</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net book value at July 1, 2021	679,733	10,154	–	689,887
Additions	221,405	414	815	222,634
Acquisition of assets through acquisition of a subsidiary	–	–	1,781,595	1,781,595
Derecognition	(111,049)	–	–	(111,049)
Depreciation	(206,425)	(2,876)	(19,228)	(228,529)
Exchange adjustments	(5,763)	1	–	(5,762)
Net book value at March 31, 2022	<u>577,901</u>	<u>7,693</u>	<u>1,763,182</u>	<u>2,348,776</u>

During the nine months ended March 31, 2022, the Group entered into new lease agreements for properties, mainly including offices space, warehouse storage and retail stores. The new leases of offices space typically run for a period of two to seven years, new leases of warehouse storage typically run for two to three years, and new leases of retail stores typically run for two to five years.

The Group acquired the land use right of a parcel of land located in the PRC in October 2021 through the acquisition of a subsidiary. The land use right certificate was obtained on May 9, 2022.

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	<b>For the three months ended March 31,</b>		<b>For the nine months ended March 31,</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Depreciation charge of right-of-use assets by class of underlying asset:</i>				
Property	47,842	70,499	144,472	206,425
Warehouse equipment	1,776	888	6,496	2,876
Land use right	–	11,301	–	19,228
	<u>49,618</u>	<u>82,688</u>	<u>150,968</u>	<u>228,529</u>
Interest on lease liabilities ( <i>Note 8</i> )	6,232	8,070	19,030	25,034
Expense relating to short-term leases and other leases with remaining lease term ending on or before March 31	8,413	5,227	23,529	23,545
Variable lease payments not included in the measurement of lease liabilities	433	693	2,236	3,595
COVID-19 rent concessions	–	–	(13,137)	(28,249)

**14 INTANGIBLE ASSETS**

During the nine months ended March 31, 2021 and 2022, the Group acquired software with costs of RMB12,817,000 and RMB3,441,000, respectively. Amortization amounted to RMB15,692,000 and RMB16,014,000 during the nine months ended March 31, 2021 and 2022, respectively.

**15 PREPAYMENTS**

	<b>As at June 30, 2021</b>	<b>As at March 31, 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayment for construction of new headquarter building	–	200,861
Prepayment for purchase of apartments	133,458	–
Others	5,023	1,097
Total	<u>138,481</u>	<u>201,958</u>

**16 OTHER INVESTMENTS**

	<b>As at June 30, 2021</b>	<b>As at March 31, 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets measured at FVTPL		
– Investment in trust investment schemes	102,968	206,526
	<u>102,968</u>	<u>206,526</u>

In December 2020, the Group invested in a trust investment scheme (“Trust Scheme A”) established and managed by a trust company as the trustee with the principal of RMB100,000,000 and an initial investment period of within one year. Pursuant to the agreement, the Trust Scheme A is designated to make the majority of its investments in debt securities, while the principal and return of the investment are not guaranteed. The Group subsequently extended the investment period to March 2022. In March 2022, as agreed with the trust company, the investment period was further extended to March 2023. Related investment return for the investment period up to March 20, 2022 was collected in March 2022. Fair value of this investment as of June 30, 2021 and March 31, 2022 was estimated to be RMB102,968,000 and RMB102,270,000, respectively.

In July 2021, the Group invested in another trust investment scheme (“Trust Scheme B”) established and managed by another trust company as the trustee with the principal of RMB100,000,000 and an initial investment period of within one year. Pursuant to the agreement, the Trust Scheme B is designated to make the majority of its investments in debt securities, while the principal and return of the investment are not guaranteed. Fair value of this investment as of March 31, 2022 was estimated to be RMB104,256,000.

Information about the Group’s fair value measurement, is included in Note 24.

## 17 INVENTORIES

	As at June 30, 2021	As at March 31, 2022
	<u>RMB'000</u>	<u>RMB'000</u>
Finished goods	1,491,328	1,159,984
Low-value consumables	4,733	3,056
	<u>1,496,061</u>	<u>1,163,040</u>

- (a) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Carrying amount of inventories sold	1,641,240	1,602,409	4,799,723	5,399,685
Reversal of write-down of inventories	(55,856)	(4,472)	(34,888)	(39,158)
Cost of inventories recognized in consolidated statement of profit or loss	<u>1,585,384</u>	<u>1,597,937</u>	<u>4,764,835</u>	<u>5,360,527</u>

## 18 TRADE AND OTHER RECEIVABLES

	As at June 30, 2021	As at March 31, 2022
	<u>RMB'000</u>	<u>RMB'000</u>
<b>Current</b>		
Trade receivables	374,828	425,330
Less: loss allowance	(59,827)	(80,207)
Trade receivables, net of loss allowance	315,001	345,123
Amounts due from related parties	1,791	4,978
Miscellaneous expenses paid on behalf of franchisees	192,072	264,643
Value-added tax ("VAT") recoverable	79,590	144,552
Rental deposits	94,423	103,664
Receivables due from online payment platforms and banks (Note (i))	33,309	22,236
Prepayments for inventories	38,758	44,977
Prepayments for licensing expenses	11,503	25,947
Prepayment for listing expenses	–	32,904
Others	58,278	71,540
	<u>824,725</u>	<u>1,060,564</u>

Note:

- (i) Receivables from online payment platforms mainly represented the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms could be made anytime upon the Group's instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.

**Aging analysis**

As of the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at June 30, 2021	As at March 31, 2022
	<u>RMB'000</u>	<u>RMB'000</u>
Within 90 days	231,643	252,484
91 to 180 days	35,853	50,126
181 to 360 days	24,603	27,161
361 to 540 days	18,553	15,352
Over 540 days	4,349	–
	<u>315,001</u>	<u>345,123</u>

**19 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise:

	As at June 30, 2021	As at March 31, 2022
	<u>RMB'000</u>	<u>RMB'000</u>
Cash on hand	549	468
Cash at bank	6,771,104	5,269,414
Cash and cash equivalents as presented in the consolidated statement of financial position and in the consolidated statement of cash flows	<u>6,771,653</u>	<u>5,269,882</u>

**20 LEASE LIABILITIES**

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods:

	As at June 30, 2021		As at March 31, 2022	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Within 1 year	321,268	342,211	260,613	270,109
After 1 year but within 2 years	203,467	217,229	170,592	182,395
After 2 years but within 5 years	239,995	277,726	182,594	209,895
After 5 years	39,682	54,848	32,696	44,507
	<u>483,144</u>	<u>549,803</u>	<u>385,882</u>	<u>436,797</u>
	<u>804,412</u>	<u>892,014</u>	<u>646,495</u>	<u>706,906</u>
Less: total future interest expenses		(87,602)		(60,411)
Present value of lease liabilities		<u>804,412</u>		<u>646,495</u>

## 21 TRADE AND OTHER PAYABLES

	As at June 30, 2021	As at March 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payable	624,688	617,177
Payroll payable	63,621	66,163
Accrued expenses	155,698	218,582
Other taxes payable	20,633	43,417
Deposits	1,833,516	1,884,788
Amount due to related parties	7,490	14,132
Others	103,536	135,587
	<u>2,809,182</u>	<u>2,979,846</u>

## Aging analysis

As of the end of reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at June 30, 2021	As at March 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	558,743	568,965
1 to 3 months	41,176	26,242
3 months to 1 year	10,322	9,031
Over 1 year	14,447	12,939
	<u>624,688</u>	<u>617,177</u>

## 22 CAPITAL AND RESERVES

## (a) Share capital and additional paid-in capital

- (i) During the nine months ended March 31, 2022, 3,453,440 of restricted shares and options were vested and exercised, and were released from treasury shares into Class A ordinary shares.
- (ii) As of June 30, 2021 and March 31, 2022, analysis of the Company's issued shares including treasury shares reserved for the share award scheme, was as follows:

	As at June 30, 2021 and March 31, 2022,	
	Number of shares	Share capital
		<i>RMB'000</i>
Class A ordinary shares	897,275,873	69
Class B ordinary shares	328,290,482	23
	<u>1,225,566,355</u>	<u>92</u>

**(b) Treasury shares**

As the Company has the power to govern the relevant activities of the twelve special purpose vehicles, which together held the shares under the 2020 Share Award Scheme (see Note 23), and can derive benefits from the contributions of the employees who were awarded with the shares under the 2020 Share Award Scheme, the twelve special purpose vehicles were consolidated and the ordinary shares issued to these special purposed vehicles are treated as treasury shares until they are granted to employees and become vested.

During the nine months ended March 31, 2021 and 2022, additional considerations of RMB973,000 and nil were received from the special purpose vehicles respectively, which were credited to additional paid-in capital.

On December 21, 2021, the board of directors authorized a share repurchase program under which the Company may repurchase up to USD200 million of its shares until September 21, 2022.

During the period from December 21, 2021 to March 31, 2022, the Company repurchased Class A ordinary shares as follows:

Month	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		<i>USD</i>	<i>USD</i>	<i>USD'000</i>
December 2021	809,040	2.50	2.34	1,979
January 2022	674,036	2.48	2.23	1,624
February 2022	700,712	2.48	2.03	1,638
March 2022	1,612,600	2.48	1.58	3,371
				<u>8,612</u>
Equivalent to RMB'000				<u>54,704</u>

**(c) Dividends**

During the nine months ended March 31, 2021, no interim dividends were declared or paid by the Company. Nor were interim dividends declared or paid after the interim period.

During the nine months ended March 31, 2022, dividends of US\$0.039 per ordinary share, amounting to USD47,178,000 (equivalent to RMB306,255,000), in respect of the fiscal year ended June 30, 2021 were declared and paid by the Company. The dividends were distributed from capital reserve. No interim dividends were declared or paid by the Company. Nor were interim dividends declared or paid after the interim period.

**23 EQUITY SETTLED SHARE-BASED PAYMENTS**

The Group has adopted two share-based compensation plans, namely, the 2020 Share Award Scheme and the 2020 Option Plan.

**(a) The 2020 Share Award Scheme:**

Movements in the number of restricted shares granted to employees during the nine months ended March 31, 2022 are as follows:

	<b>Number of restricted shares</b>	<b>Weighted- average exercise price</b>	<b>Weighted- average grant date fair value</b>
		<i>US\$ per restricted share</i>	<i>US\$ per restricted share</i>
Outstanding as of July 1, 2021	5,755,788	0.036	7.67
Vested during the period	(2,114,000)	0.036	7.67
Forfeited during the period	(1,001,056)	0.036	7.67
	<u>2,640,732</u>	0.036	7.67
Outstanding as of March 31, 2022	<u>2,640,732</u>	0.036	7.67

Total compensation expense calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statement of profit or loss for these share awards granted to the Group's employees were RMB152,373,000 and RMB4,074,000 for the nine months ended March 31, 2021 and 2022, respectively.

**(b) The 2020 Option Plan**

The option activities during the nine months ended March 31, 2022 are summarized as follows:

	<b>Number of options</b>	<b>Weighted- average exercise price</b>	<b>Weighted- average grant date fair value</b>
		<i>US\$ per share</i>	<i>US\$ per share</i>
Outstanding at July 1, 2021	12,400,836	0.036	3.71
Exercised	(1,339,440)	0.036	3.70
Forfeited	(889,164)	0.036	4.32
	<u>10,172,232</u>	0.036	3.63
Outstanding at March 31, 2022	<u>10,172,232</u>	0.036	3.63
Exercisable at March 31, 2022	<u>2,332,314</u>	0.036	3.30
Non-vested at March 31, 2022	<u>7,839,918</u>	0.036	3.73

Total compensation expense calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss for the above options granted to the Group's employees were RMB97,987,000 and RMB64,353,000 for the nine months ended March 31, 2021 and 2022, respectively.



## 24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

## (i) Financial assets and liabilities measured at fair value

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the period presented on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement.

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting dates:

	Fair value at June 30, 2021 <i>RMB'000</i>	Fair value measurements as at June 30, 2021 categorized into		
		Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
Recurring fair value measurement				
Assets:				
– Other investments	102,968	–	102,968	–
	<u>102,968</u>	<u>–</u>	<u>102,968</u>	<u>–</u>
	Fair value at March 31, 2022 <i>RMB'000</i>	Fair value measurements as at March 31, 2022 categorized into		
		Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
Recurring fair value measurement				
Assets:				
– Other investments	206,526	–	206,526	–
	<u>206,526</u>	<u>–</u>	<u>206,526</u>	<u>–</u>

During the nine months ended March 31, 2022, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Other investments in level 2 as at June 30, 2021 and March 31, 2022 represented investments in trust investment schemes. The fair value of these investments was determined by the Group with reference to the fair value quoted by the trust company, that established and managed the investments, using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data.

The gains arising from the remeasurement of fair value of other investments are included in other net income in the consolidated statement of profit or loss.

**(ii) Fair values of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at June 30, 2021 and March 31, 2022 because of the short-term maturities of these financial instruments.

**25 COMMITMENTS**

**(a) Capital commitments outstanding as at period end not provided for in the financial statements were as follows:**

	As at June 30, 2021	As at March 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted purchase of software	5,182	1,000
Contracted purchase of property	101,779	–
Contracted purchase of construction projects	–	837,616
Contracted purchase of property improvements	21,679	–
	<hr/>	<hr/>
Contracted for	128,640	838,616
Authorized but not contracted for	–	12,161
	<hr/>	<hr/>
Total	<u>128,640</u>	<u>850,777</u>

**26 CONTINGENCIES**

**(a) The commitment of tax payments**

On October 13, 2020, Mingyou Industrial Investment (Guangzhou) Co., Ltd. (“Mingyou”), being a subsidiary of the Group's equity-accounted investee prior to October 27, 2021 and a subsidiary of the Group since October 27, 2021, was set up to acquire the land use right of a parcel of land and to establish a new headquarters building for the Group in a district in Guangzhou, the PRC. In connection with the acquisition of the land use right and the construction of new headquarter building by Mingyou, on November 26, 2020, MINISO (Guangzhou) Co., Ltd. (“MINISO Guangzhou”) entered into a letter of intent (“the Letter”) with the local government of that district, whereby MINISO Guangzhou committed to the local government that the aggregate amount of tax levies paid by the subsidiaries of MINISO Guangzhou in that district and Mingyou would be no less than RMB965,000,000 for a five-year period starting from January 1, 2021. If the above entities fail to meet such commitment, MINISO Guangzhou will be liable to compensate the shortfall. On January 25, 2021, MINISO Guangzhou provided a performance guarantee of RMB160,000,000 issued by a commercial bank to this local government in respect of the commitment of tax payments for the calendar year of 2021, which was valid from April 1, 2021 to March 31, 2022.

The above entities have met the commitment for the calendar year of 2021 and therefore MINISO Guangzhou is not required to make any compensation to the local government under the above performance guarantee. As of March 31, 2022, the performance guarantee has expired. Subsequently in April 2022, MINISO Guangzhou provided a performance guarantee of RMB175,000,000 issued by a commercial bank to this local government in respect of the commitment of tax payments for the calendar year of 2022, which was valid from April 1, 2022 to March 31, 2023.

**(b) Lawsuit regarding employees' compensation dispute**

During the year ended June 30, 2020, certain former employees ("Plaintiffs") of our oversea subsidiaries in the U.S. filed a complaint regarding employees' compensation dispute. In response to this matter, the Group involved a representative attorney to process settlement discussions with the Plaintiffs. As of December 31, 2021, a provision amounting to USD1,250,000 (equivalent to RMB8,090,000) was made in this respect based on the expected settlement amount.

As of March 31, 2022, the Plaintiffs have reached a settlement agreement with the Group for USD1,250,000 (equivalent to RMB8,090,000), which is subject to court approval.

**(c) Lawsuit relating to intellectual property ("IP") dispute**

During the three months ended March 31, 2022, Ruimin Industry (Shanghai) Co., Ltd. initiated two legal proceedings against a PRC subsidiary of the Group and two of the Group's suppliers relating to IP dispute. The total amount claimed against us was RMB50 million. Based on the Group's litigation counsels' assessment, (a) the subsidiary has a low probability of losing in these two cases, and (b) even if the subsidiary was to lose these two cases, the total compensation amount ordered by the courts is expected to be immaterial and much lower than the total amount claimed. Therefore, no provision were made in respect of these two claims as of March 31, 2022.

**27 MATERIAL RELATED PARTY TRANSACTIONS**

During the three months and nine months ended March 31, 2021 and 2022, the Group had the following material related party transactions:

**(i) Key management personnel compensation**

Key management personnel compensation comprised the following:

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Short-term employee benefits	2,817	3,264	7,189	11,410
Equity-settled share-based payment expenses	–	–	39,727	–
	<u>2,817</u>	<u>3,264</u>	<u>46,916</u>	<u>11,410</u>

## (ii) Other transactions with related parties

	For the three months ended March 31,		For the nine months ended March 31,	
	2021	2022	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proceeds from repayment from related parties				
– MINI Investment Holding Limited	–	–	9,508	–
– Nome Design (Guangzhou) Limited	–	–	5,205	–
Sales of lifestyle products				
– Miniso Lifestyle Nigeria Limited	–	–	5,312	–
– OasVision International Limited	4,907	3,509	4,907	10,980
Provision of information technology support and consulting services				
– Haydon (shanghai) Technology Co., Ltd	–	1,697	–	4,575
– Wow Color Beauty Guangdong Technology Limited	6,400	1,420	6,400	5,450
– ACC Super Accessories Shenzhen Technology Limited	–	–	–	2,725
– Henhaohe Tea Guangdong Limited	–	1,140	–	8,180
Purchase of lifestyle products				
– Shanghai Kerong Networks Limited	7,230	3,843	28,514	12,174
– Shenzhen Zhizhi Brand Incubation Limited	2,805	–	18,934	4,407
– Wow Color Beauty Guangdong Technology Limited	3	269	3	668
– Nome Design (Guangzhou) Limited	–	188	581	188
– Haydon (shanghai) Technology Co., Ltd	–	–	–	39
– 199 Global Holding (Guangzhou) Limited	–	–	9	190
Provision of guarantee for a subsidiary of the equity-accounted investee				
– Mingyou	160,000	–	160,000	160,000
Purchase of catering services				
– Guangzhou Chuyunju Catering Service Co., Ltd.	1,359	1,989	5,318	8,384

**28 ACQUISITION OF A SUBSIDIARY****Acquisition of assets and liabilities through acquisition of a subsidiary**

The Company previously held 20% equity interest in YGF Investment V Limited (“YGF Investment”) and such investment was accounted for using equity method. On October 27, 2021, the Company acquired the remaining 80% equity interest in YGF Investment from YGF MC Limited at a total consideration of RMB694,479,000. As of March 31, 2022, the consideration has been fully settled. Upon completion of the acquisition, YGF Investment has become a wholly-owned subsidiary of the Group.

The major assets of YGF Investment comprised the land use right of and prepayments for the construction project of a new headquarter building. Substantive process did not commence as at the date of acquisition. The directors of the Company determined that the transaction constituted an acquisition of assets and liabilities through acquisition of a subsidiary as opposed to a business acquisition. As such transaction is a step acquisition, the previous 20% equity interest was included as part of the cost of the acquisition and was not remeasured at the date of acquisition.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	<i>RMB'000</i>
Property, plant and equipment	10,290
Right-of-use assets	1,781,595
Prepayments for construction project relating to headquarter building	200,000
Trade and other receivables	58
Cash and cash equivalents	10,996
Trade and other payables	(964,558)
	<hr/>
Total identifiable net assets acquired	1,038,381
	<hr/> <hr/>

Total consideration transferred:

	<i>RMB'000</i>
Cash	694,479
Add: carrying amount of the Group’s previously held equity interest in YGF Investment at the date of acquisition	343,902
	<hr/>
	1,038,381
	<hr/> <hr/>

Analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of YGF Investment:

	<i>RMB'000</i>
Cash considerations paid	694,479
Less: cash and cash equivalents acquired	(10,996)
	<hr/>
Net cash outflow	683,483
	<hr/> <hr/>

The value of identifiable net assets acquired was determined by the directors of the Company with reference to the valuation carried out by an independent valuer, Jones Lang LaSalle. The fair value of net assets acquired at the date of acquisition was not materially different from its carrying amount.

**29 SUBSEQUENT EVENTS**

Under the share repurchase program approved by the board of directors on December 21, 2021, the Company had repurchased 1,734,888 Class A ordinary shares at an average price of USD1.68 per share for a total consideration of USD2.92 million during the period from April 1, 2022 to June 20, 2022.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report from the reporting accountants of our Company, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix IA to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and our historical financial information included in the Accountants' Report set forth in Appendix IA to this prospectus.

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets attributable to equity shareholders of our Company prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the unaudited consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2021, as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets attributable to equity shareholders of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets attributable to equity shareholders of our Company, had the Global Offering been completed as of December 31, 2021 or at any future dates.

Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per ADS
<i>(Note 1)</i> RMB'000	<i>(Note 2)</i> RMB'000	<i>(Note 3)</i> RMB'000	<i>(Note 5)</i> RMB      HK\$	<i>(Note 4)</i> RMB      HK\$
Based on the Maximum Public Offer Price of HK\$22.10 per Share	6,663,380	682,843	7,346,223	5.80      6.81      23.20      27.24

*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2021 is calculated based on the consolidated net assets attributable to equity shareholders of the Company of RMB6,736,339,000 as at December 31, 2021, less intangible assets of RMB53,319,000 and goodwill of RMB19,640,000 as at the date, as extracted from the historical financial information included in the Accountants' Report set out in Appendix IA to the prospectus.

---

**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

---

- (2) The estimated net proceeds from the Global Offering is based on the Maximum Public Offer Price of HK\$22.10 per share, after deduction of the estimated underwriting fees and other related expenses related to Global Offering and the issuance of 41,100,000 shares, and does not take into account of any shares that may be issued upon exercise of the Over-Allotment Option or any options which may be granted under the 2020 Share Incentive Plan, and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per share is arrived at after the adjustments for the estimated net proceeds from the Global Offering payable by the Group as described in note (2) and on the basis that a total of 1,266,666,355 shares were in issue assuming that the Global Offering was completed on December 31, 2021, but does not take into account of any shares which may be issued upon the exercise of the Over-Allotment Option or any options which may be granted under the 2020 Share Incentive Plan, and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that one ADS represents four Shares.
- (5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in RMB are converted into Hong Kong dollars at the rate of RMB1.00 to HK\$1.173714. No representation is made that RMB amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2021, including but not limited to the 4,722,236 shares repurchased during the period from January 1, 2022 to June 20, 2022 under the share repurchase program. Had such share repurchases occurred before or as at December 31, 2021, our unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company would have decreased by RMB60,795,000, and our unaudited pro forma consolidated net tangible assets attributable to equity shareholders of the Company per Share and per ADS would have decreased by RMB0.05 and RMB0.20, respectively.

**B.    REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO  
FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group’s pro forma financial information for the purpose in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF MINISO GROUP HOLDING LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of MINISO Group Holding Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2021 and related notes as set out in Part A of Appendix II to the prospectus dated June 30, 2022 (the “Prospectus”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the “Global Offering”) on the Group’s financial position as at December 31, 2021 as if the Global Offering had taken place at December 31, 2021. As part of this process, information about the Group’s financial position as at December 31, 2021 has been extracted by the Directors from the Group’s historical financial information included in the Accountants’ Report as set out in Appendix IA to the Prospectus.

**Directors’ Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the 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 (“HKICPA”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements 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 behaviour.



The 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 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 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 (“HKSAE”) 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 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 purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of 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 events or transactions as at December 31, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

### **Opinion**

In our opinion:

- (a) the 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

June 30, 2022

*The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2022 of the property interests held by the Group.*



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
7th Floor One Taikoo Place 979 King's Road Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No: C-030171

30 June 2022

The Board of Directors  
**MINISO Group Holding Limited**  
8F, M Plaza  
No. 109, Pazhou Avenue  
Haizhu District  
Guangzhou City  
Guangdong Province  
The PRC

Dear Sirs,

In accordance with your instructions to value the property interests held by MINISO Group Holding Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 May 2022 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest in Group I which is held and occupied by the Group and the property interest in Group II which is held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We refer to the legal opinion issued by the Company's PRC legal adviser – JunHe LLP concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out between March 2022 and June 2022 by Mr. Michael Mai who has more than 3 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in these particular market sectors remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the properties under frequent review.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,

For and on behalf of

**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**

**Eddie T. W. Yiu**

*MRICS MHKIS RPS (GP)*

*Senior Director*

*Note:* Eddie T. W. Yiu is a Chartered Surveyor who has 28 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

## SUMMARY OF VALUES

<b>No. Property</b>	<b>Market value in existing state as at the valuation date <i>RMB</i></b>
<b>Group I – Property held and occupied by the Group in the PRC</b>	
1. 194 apartment units of Pearl River International Textile City No. 88 and 90 of Diejing Mid Road Haizhu District Guangzhou City Guangdong Province The PRC	297,700,000
<b>Group II – Property held for future development by the Group in the PRC</b>	
2. A parcel of land located at the southern side of Pazhou Avenue Haizhu District Guangzhou City Guangdong Province The PRC	1,871,700,000
<b>Total:</b>	<b>2,169,400,000</b>

## VALUATION CERTIFICATE

## Group I – Property held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
1.	194 apartment units of Pearl River International Textile City No. 88 and 90 of Diejing Mid Road Haizhu District Guangzhou City Guangdong Province The PRC	<p>The property is located at No. 88 and 90 of Diejing Mid Road. The locality is a residential and commercial area with mature and sophisticated infrastructural facilities.</p> <p>The property comprises 194 apartment units on Levels 7 to 24, Levels 28 and 29 of a 33-storey apartment building of a commercial, apartment and office development complex known as Pearl River International Textile City with a total gross floor area of approximately 9,824.18 sq.m.</p>	As at the valuation date, the property was occupied by the Group for employee dormitory.	297,700,000
		As advised by the Group, the property was completed in 2015.		
		The land use rights of the property have been granted for a term expiring on 29 March 2051 for commercial finance use.		

*Notes:*

1. Pursuant to 194 Real Estate Title Certificates, the property (Unit Nos. 715, 716, 723, 730, 829, 830, 917, 918, 1009, 1023, 1107, 1123, 1213-1216, 1230, 1304, 1315, 1329, 1330, 1430, 1509, 1510, 1513, 1630, 1706, 1723, 1731, 1802-1807, 1809-1816, 1819-1827, 1829, 1830, 1902, 1905, 1906, 1908, 1911-1915, 1919, 1923-1925, 1930, 2012-2016, 2019, 2021, 2023, 2024, 2102, 2104-2116, 2119, 2123, 2124, 2126, 2129-2131, 2203-2217, 2219, 2222-2224, 2226, 2227, 2229, 2230, 2302, 2304-2324, 2326-2332, 2402, 2419, 2420, 2812, 2816, 2818-2820, 2823, 2825, 2826, 2828, and 2901-2932 of No. 88 and 90 of Diejing Mid Road) with a total gross floor area of approximately 9,824.18 sq.m. are owned by Lexiang (Guangzhou) Management Consulting Co., Ltd. (樂享(廣州)管理諮詢有限公司, "Lexiang Guangzhou", a wholly-owned subsidiary of the Company). The land use rights of the property have been granted for a term expiring on 29 March 2051 for commercial finance use.

2. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as use, size, layout and accessibility of the property. The selected comparables are apartment units within the same development of the subject property and other buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB28,500 to RMB33,000 per sq.m. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at an assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Lexiang Guangzhou is in possession of the land use rights and building ownership rights of the property.



## VALUATION CERTIFICATE

## Group II – Property held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
2.	A parcel of land located at the southern side of Pazhou Avenue Haizhu District Guangzhou City Guangdong Province The PRC	<p>The property is located at the southern side of Pazhou Avenue and the western side of Star River Center. The locality is a developing area where municipal facilities, amenities and public transportation network are still under development.</p> <p>The property occupies a parcel of land with a site area of approximately 6,557.33 sq.m., which will be developed into an office and commercial development with a planned total plot ratio accountable gross floor area of approximately 106,879.00 sq.m. As advised by the Group, the construction of the property had not been commenced as at the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 11 April 2061 for retail, commercial finance and catering uses.</p>	As at the valuation date, the property was bare land.	1,871,700,000

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract – 440105-2021-000001 dated 12 January 2021, the land use rights of the property with a site area of approximately 6,557.00 sq.m. were granted to Mingyou Industrial Investment (Guangzhou) Co., Ltd. (名優產業投資(廣州)有限公司, “Mingyou Guangzhou”, a wholly-owned subsidiary of the Company) for a term of 40 years for commercial service use commencing from the land delivery date. The land premium was RMB1,728,550,000.
2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 440105202100719, permission towards the land planning of the property with a site area of approximately 6,557.33 sq.m. has been granted to Mingyou Guangzhou.
3. Pursuant to a State-owned Land Use Rights Certificate – Yue (2022) Guang Zhou Shi Bu Dong Chan Quan Di No. 00038976, the land use rights of the aforesaid land parcel with a site area of approximately 6,557.33 sq.m. have been granted to Mingyou Guangzhou for a term expiring on 11 April 2061 for retail, commercial finance and catering uses.
4. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as use, site area, shape and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB15,500 to RMB18,500 per sq.m. for commercial service use. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at an assumed unit rate. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area, shape, tenure, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:

Mingyou Guangzhou is in possession of the land use rights of the property.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes

Set out below is a summary of certain provisions of the Memorandum and Articles of our Company and of certain aspects of Cayman Islands company law.

## **SUMMARY OF THE CONSTITUTION OF THE COMPANY**

### **1 Memorandum of Association**

The Memorandum of Association of the Company will be put forth for voting and be conditionally adopted at the AGM to be convened before the Listing and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix VI in the section headed “Documents on Display”.

### **2 Articles of Association**

The Articles of Association of the Company will be put forth for voting and be conditionally adopted at the AGM to be convened before the Listing and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

#### ***2.1 Dividends***

The holders of ordinary shares are entitled to such dividends as may be declared by the Board of Directors. In addition, shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by the directors. Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or the Company’s share premium account, and provided further that a dividend may not be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business.

Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

#### ***2.2 Voting Rights***

Subject to any rights or restrictions attached to any shares, at any general meeting (a) every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak; (b) on a show of hands every member present in any such manner shall have one vote; and (c) on a poll every member present in such manner shall have one vote for every share of which he is the holder. At any general meeting a resolution put to the vote of the

meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

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 member in contravention of such requirement or restriction shall not be counted.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by those members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid. Holders of the ordinary shares may, among other things, divide or consolidate their shares by ordinary resolution. A special resolution requires the affirmative vote of no less than three-fourths of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members.

Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company, or at any general meeting of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which that person represents as that

recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to vote individually on a show of hands.

### ***2.3 Transfer of Shares***

Any of the shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by the Board of Directors.

However, the Board of Directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which the Company has a lien. The Board of Directors may also decline to register any transfer of any ordinary share unless:

- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped, if required;
- (d) in the case of a transfer to joint holders, the transfer is not to more than four joint holders; or
- (e) a fee of such maximum sum as the Designated Stock Exchange (as defined in the Articles of Association) may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.

If the directors refuse to register a transfer, they are required, within three calendar months after the date on which the instrument of transfer was lodged with the Company, to send to each of the transferor and the transferee notice of such refusal.

### ***2.4 Liquidation***

On a winding up of the Company, if the assets available for distribution among the shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed among the shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies

due, of all monies payable to the Company for unpaid calls or otherwise. If the assets available for distribution are insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the par value of the shares held by them.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

### ***2.5 Redemption, Repurchase and Surrender of Shares***

The Company may issue shares on terms that such shares are subject to redemption, at the option of the Company or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by the Board of Directors or by a special resolution of the shareholders. The Company may also repurchase any of the Company's shares provided that the manner and terms of such purchase have been approved by the Board of Directors or by ordinary resolution of the shareholders, or are otherwise authorized by the Memorandum and Articles of Association and provided always that any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force. Under the Companies Act, the redemption or repurchase of any share may be paid out of the Company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the Company has commenced liquidation. In addition, the Company may accept the surrender of any fully paid share for no consideration.

### ***2.6 Alteration to constitutional documents***

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

### *2.7 Variation of Rights of Shares*

The rights attaching to any class of shares may, subject to any rights or restrictions for the time being attached to any class, be materially adversely varied with the consent in writing of the holders of all of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

### *2.8 General Meetings of Shareholders*

Shareholders' general meetings may be held in such place within or outside the Cayman Islands as the Board of Directors considers appropriate.

The Company shall hold a general meeting as its annual general meeting in each financial year. The annual general meeting shall be specified as such in the notices calling it. An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

Shareholders' annual general meetings and any other general meetings of the shareholders may be convened by a majority of the Board of Directors or the chairman of the Board of Directors and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company.

A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

### *2.9 Appointment and Removal of Directors*

The Articles of Association provide that unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three, the exact number of Directors to be determined from time to time by the Board of Directors.

The Articles of Association provide that the Board of Directors shall elect and appoint a chairman of the Board of Directors by a majority of the Directors then in office, and the period for which the chairman of the Board of Directors will hold office will also be determined by a majority of all of the Directors then in office. The chairman of the Board of Directors shall preside as chairman at every meeting of the Board of Directors. To the extent the chairman of the Board of Directors is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.

The Articles of Association provide that the Company may by ordinary resolution appoint any person to be a Director or remove any Director (including a managing Director or other executive Director) before the expiration of his or her term of office. In addition, the Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his or her appointment and shall then be eligible for re-election at that meeting. An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the Company and the Director, if any; but no such term shall be implied in the absence of express provision. Each Director whose term of office expired shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board of Directors.

There is no shareholding qualification for Directors nor is there any specific age limit for Directors.

The office of a Director shall be vacated if the Director:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
- (b) dies or is found to be or becomes of unsound mind;
- (c) resigns his office by notice in writing to the Company;



- (d) without special leave of absence from the Board, he is absent from meetings of the Board for three consecutive meetings, and the Board resolves that his office be vacated; or
- (e) is removed from office pursuant to any other provision of the Articles.

### ***2.10 Proceedings of the Board***

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be a majority of the then existing Directors.

The Directors may meet together (whether within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

### ***2.11 Changes in Share Capital***

The Company may by ordinary resolution:

- (a) increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (b) increase its share capital by new shares of such amount as it thinks expedient;
- (c) consolidate and divide all or any of its share capital into shares or larger amount than its existing shares;
- (d) subdivide its existing shares, or any of them, into shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
- (e) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

***2.12 Directors' Power to Issue Shares***

Subject to the provisions, if any, in the Memorandum and Articles of Association and to any direction that may be given by the Company in a general meeting, the Directors may in their absolute discretion and without approval of the shareholders, issue shares, grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the shares held by existing shareholders, at such times and on such other terms as they think proper.

***2.13 Directors Borrowing Powers***

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock and other such securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

***2.14 Disclosure of Interest in Contracts with the Company or any of our Subsidiaries***

A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated.

Subject to the rules of the Designated Stock Exchange (as defined in the Articles of Association) and disqualification by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.

***2.15 Remuneration of Directors***

The remuneration of the Directors may be determined by the Directors or by ordinary resolution.

The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

### ***2.16 Restriction on Ownership of Securities***

There are no provisions in the Articles of Association relating to restrictions on ownership of the Company's shares or securities.

### ***2.17 Appointment, removal and remuneration of auditors***

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution.

### ***2.18 Inspection of register of members***

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a Shareholder without charge and any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Board may determine for each inspection, provided that the Company may be permitted to close the register in terms equivalent to section 632 of the Companies Ordinance.

## **SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**

### **1 Introduction**

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

## 2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 January 2020 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

## 3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

#### **4 Dividends and Distributions**

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

#### **5 Shareholders' Suits**

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud

against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

## **6 Protection of Minorities**

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

## **7 Disposal of Assets**

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

## **8 Accounting and Auditing Requirements**

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

## **9 Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

## **10 Inspection of Books and Records**

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

## **11 Special Resolutions**

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

## **12 Subsidiary Owning Shares in Parent**

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

## **13 Mergers and Consolidations**

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and

liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

#### **14 Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

#### **15 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.



**16 Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**17 Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**18 Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**19 Taxation**

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the

Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

**20 Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**21 General**

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, has sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES****1. Incorporation**

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on January 7, 2020 under the name “MINISO Group Holding Limited”.

Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Accordingly, our Company’s corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix IV.

Our registered place of business in Hong Kong is at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 20, 2022 with the Registrar of Companies in Hong Kong. Ms. Hoi Ting Wong has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay.

As at the date of this document, our Company’s head office was located at 8F, M Plaza No. 109, Pazhou Avenue, Haizhu District, Guangzhou 510000, Guangdong Province, China.

**2. Changes in share capital of our Company**

Upon incorporation, our Company had an authorized share capital of US\$100,000 divided into 10,000,000,000 ordinary shares with a par value of US\$0.00001 each.

The following sets out the changes in our Company’s issued share capital within the two years immediately preceding the date of this document:

- (a) In October 2020, we completed our initial public offering on NYSE pursuant to which we issued and sold a total of 121,600,000 Class A ordinary shares of par value US\$0.00001 per share represented by ADSs at a public offering price of US\$20.00 per ADS and issued and sold an additional 9,664,748 Class A ordinary shares represented by ADSs at US\$18.90 per ADS at the closing of the over-allotment option exercised by the underwriters.
- (b) In December 2021, our Company repurchased 809,040 Class A ordinary shares in the form of 202,260 ADSs at a consideration of U.S. dollar equivalent of RMB12,577,116.30 pursuant to a share repurchase program adopted by our Company in December 2021.

- (c) In January 2022, our Company repurchased 674,036 Class A ordinary shares in the form of 168,509 ADSs at a consideration of U.S. dollar equivalent of RMB10,308,623.64 pursuant to a share repurchase program adopted by our Company in December 2021.
- (d) In February 2022, our Company repurchased 700,712 Class A ordinary shares in the form of 175,178 ADSs at a consideration of U.S. dollar equivalent of RMB10,392,576.28 pursuant to a share repurchase program adopted by our Company in December 2021.
- (e) In March 2022, our Company repurchased 1,612,600 Class A ordinary shares in the form of 403,150 ADSs at a consideration of U.S. dollar equivalent of RMB21,381,035.26 pursuant to a share repurchase program adopted by our Company in December 2021.
- (f) In April 2022, our Company repurchased 610,024 Class A ordinary shares in the form of 152,506 ADSs at a consideration of U.S. dollar equivalent of RMB7,483,732.91 pursuant to a share repurchase program adopted by our Company in December 2021.
- (g) In May 2022, our Company repurchased 702,104 Class A ordinary shares in the form of 175,526 ADSs at a consideration of U.S. dollar equivalent of RMB6,964,346.89 pursuant to a share repurchase program adopted by our Company in December 2021.
- (h) From June 1, 2022 to the Latest Practicable Date, our Company repurchased 422,760 Class A ordinary shares in the form of 105,690 ADSs at a consideration of U.S. dollar equivalent of RMB4,029,146.45 pursuant to a share repurchase program adopted by our Company in December 2021.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

### **3. Changes in the share capital of our Major Subsidiaries**

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants' Report as set out in Appendix IA.

The following sets out the changes in the share capital of members of our Group during the two years immediately preceding the date of this document:

- (a) On November 4, 2020, the registered capital of Mingyou Industrial Investment (Guangzhou) Co., Ltd. (名優產業投資(廣州)有限公司) was increased from RMB100 million to RMB200 million.

- (b) On November 12, 2020, the registered capital of Mingyou Industrial Investment (Guangzhou) Co., Ltd. (名優產業投資(廣州)有限公司) was increased from RMB200 million to RMB380 million.
- (c) On December 14, 2020, the registered capital of YGF Investment V Limited was increased from US\$50,000 to US\$62,500.
- (d) On January 8, 2021, the registered capital of Mingyou Industrial Investment (Guangzhou) Co., Ltd. (名優產業投資(廣州)有限公司) was increased from RMB380 million to RMB1 billion.
- (e) On May 19, 2021, the registered capital of Mingyou Industrial Investment (Guangzhou) Co., Ltd. (名優產業投資(廣州)有限公司) was increased from RMB1 billion to RMB1.8 billion.
- (f) On June 30, 2021, the registered capital of USA Miniso Depot Inc. was increased from US\$2,150,541 to US\$12,150,541.
- (g) On August 31, 2021, the registered capital of USA Miniso Depot Inc. was increased from US\$12,150,541 to US\$17,737,961.65.
- (h) On October 31, 2021, the registered capital of USA Miniso Depot Inc. was increased from US\$17,737,961.65 to US\$19,737,961.65.
- (i) On November 15, 2021, the registered capital of Mingyou Industrial Investment (Guangzhou) Co., Ltd. (名優產業投資(廣州)有限公司) was increased from RMB1.8 billion to RMB2.3 billion.

Save as disclosed above, there has been no alteration in the share capital of our major subsidiaries within the two years immediately preceding the date of this document.

Save for the subsidiaries mentioned in the Accountants' Report set out in Appendix IA, our Company has no other subsidiaries.

#### ***Resolutions of Our Shareholders at the AGM***

Resolutions of our Shareholders will be put forth at the AGM, pursuant to which, in summary, among others, conditional upon Listing (as set out in this document):

- (a) the Memorandum and the Articles were approved and adopted conditional on and effective upon Listing to, amongst others, (i) unwind our weighted voting rights structure and (ii) fully comply with the applicable Listing Rules, both upon Listing;

- (b) the Global Offering, Listing and Over-allotment Option were approved, and our Directors were authorised to negotiate and agree the Offer Price and to allot and issue the Offer Shares (including pursuant to the Over-allotment Option);
- (c) a general mandate (the “**Sale Mandate**”) was granted to our Directors to allot, issue and deal with any Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted, issued or dealt with, provided that the number of Shares so allotted, issued or dealt with or agreed to be allotted, issued or dealt with by our Directors, shall not exceed 20% of the total number of Shares in issue immediately following the completion of Global Offering;
- (d) a general mandate (the “**Repurchase Mandate**”) was granted to our Directors to repurchase our own Shares on the Stock Exchange 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 Global Offering; and
- (e) the Sale Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the Global Offering.

Each of the general mandates referred to above will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the Memorandum and Articles of Association; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

#### **Explanatory statement on repurchase of our own securities**

The following summarises restrictions imposed by the Listing Rules on share repurchases by a company listed on the Stock Exchange and provides further information about the repurchase of our own securities.

***Shareholders' approval***

A listed company whose primary listing is on the Stock Exchange may only purchase its shares on the Stock Exchange, either directly or indirectly, if: (i) the shares proposed to be purchased are fully-paid up, and (ii) its shareholders have given a specific approval or general mandate by way of an ordinary resolution of shareholders.

***Size of mandate***

The exercise in full of the Repurchase Mandate, on the basis of 1,225,566,355 Shares in issue as of the Latest Practicable Date, and assuming the number of shares issued and outstanding as of the AGM date will remain the same, could accordingly result in up to approximately 122,556,635 Shares being repurchased by our Company.

The total number of shares which a listed company may repurchase on the Stock Exchange may not exceed 10% of the number of issued shares as at the date of the shareholder approval.

***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the 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 the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

***Source of funds***

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable Laws of the Cayman Islands.

Our Company shall not purchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any purchases by our Company may be made out of profits or out of an issue of new shares made for the purpose of the purchase or, if authorised by the Memorandum and Articles of Association and subject to the Companies Ordinance, out of capital, and, in the case of any premium payable on the purchase out of profits or from sums standing to the credit of our share premium account or, if authorised by the Memorandum and Articles of Association and subject to the Companies Ordinance, out of capital.

*Suspension of repurchase*

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

*Trading restrictions*

A listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

A listed company may not repurchase its shares if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

*Status of repurchased shares*

The listing of all repurchased shares (whether through the Stock Exchange or otherwise) shall be automatically cancelled and the relevant documents of title must be cancelled and destroyed as soon as reasonably practicable.

*Close associates and core connected persons*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the Repurchase Mandate is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the Repurchase Mandate is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.



*Takeover implications*

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

*General*

If the Repurchase Mandate were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would have a material adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange to will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of Material Contract**

The following contract (not being contract entered into in the ordinary course of business) have been entered into by member of our Group within the two years preceding the date of this document and is or may be material:

- (a) the Hong Kong Underwriting Agreement.

**2. Intellectual Property Rights***(a) Trademarks*

As at the Latest Practicable Date, we had registered the following trademarks that we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registered Number	Expiry Date
1	<b>MINISO</b>	名創橫琴	PRC	18	40893514	2030-04-20
2	<b>MINISO</b>	名創橫琴	PRC	20	40884521	2030-08-20
3	<b>MINISO</b>	名創橫琴	PRC	3	40883221	2030-09-20
4	<b>MINISO</b>	名創橫琴	PRC	27	40874008	2030-04-20
5	<b>MINISO</b>	名創橫琴	PRC	9	40818375A	2030-05-27
6	<b>MINISO</b>	名創橫琴	PRC	29	36915695A	2030-02-27
7	<b>MINISO</b>	名創橫琴	PRC	21	36459703	2029-10-20
8	<b>MINISO</b>	名創橫琴	PRC	3	36459653	2030-01-13
9	<b>MINISO</b>	名創橫琴	PRC	25	36456585A	2030-03-27
10	<b>MINISO</b>	名創橫琴	PRC	8	36449718A	2029-11-27
11	<b>MINISO</b>	名創橫琴	PRC	20	36443331A	2029-11-27
12	<b>MINISO</b>	名創橫琴	PRC	28	36440979	2030-02-20
13	<b>MINISO</b>	名創橫琴	PRC	5	36440605	2030-01-13
14	<b>MINISO</b>	名創橫琴	PRC	35	32947513	2029-09-13

No.	Trademark	Registered Owner	Place of Registration	Class	Registered Number	Expiry Date
15	<b>MINISO</b>	名創橫琴	PRC	5	24317676	2028-09-06
16	<b>MINISO</b>	名創橫琴	PRC	32	23914004	2028-04-20
17	<b>MINISO</b>	名創橫琴	PRC	3	21917691	2028-01-06
18	<b>MINISO</b>	名創橫琴	PRC	10	21917690	2028-01-06
19	<b>MINISO</b>	名創橫琴	PRC	21	52922375A	2031-11-06
20	<b>MINISO</b>	名創橫琴	PRC	3	52922335A	2031-11-20
21	<b>MINISO</b>	名創橫琴	PRC	21	51575599	2031-09-06
22	<b>MINISO</b>	名創橫琴	PRC	16	51575595	2031-09-13
23	名创优品	名創橫琴	PRC	35	46384865	2031-04-06
24	<b>MINISO</b> 名創優品	名創橫琴	PRC	35	14589120	2025-07-13
25	<b>MINISO</b>	名創橫琴	PRC	3	14588413	2025-07-13
26	<b>MINISO</b>	名創橫琴	PRC	14	14588411	2025-07-13
27	<b>MINISO</b>	名創橫琴	PRC	16	14588410	2025-07-13
28	<b>MINISO</b>	名創橫琴	PRC	18	14588409	2025-10-27
29		名創橫琴	PRC	35	40454667	2030-06-27
30	<b>MINISO</b>	名創橫琴	PRC	9	36931397	2031-12-06
31	<b>MINISO</b>	名創橫琴	PRC	29	36915695	2031-07-06
32	<b>MINISO</b>	名創橫琴	PRC	25	36456585	2031-10-20
33	生活优品	生活優品	PRC	35	29227570	2031-04-06
34	生活优品	生活優品	PRC	35	43917608	2031-07-06
35	TOPTOY	名創橫琴	PRC	35	49661895	2031-06-20
36	<b>TOP TOY</b>	名創橫琴	PRC	35	50604851	2031-08-13
37	<b>TOPTOY</b>	名創橫琴	PRC	35	50932999	2031-08-20

*(b) Patents*

As at the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Registration Date
1.	一種具有U型支撐座的迷你風扇	名創廣州	PRC	ZL201820901531.1	2019-02-05
2.	一種梳子	名創橫琴	PRC	ZL201921407329.4	2020-05-29
3.	按摩捶(小鴨形象雙面按摩捶)	名創橫琴、 名創廣州	PRC	ZL202030591876.4	2021-03-12
4.	化妝鏡(桌面收納鈺盤化妝鏡)	名創橫琴	PRC	ZL202030471856.3	2020-12-15
5.	錢罐(盤子)	名創廣州	PRC	ZL201730008383.1	2017-06-16
6.	筆盒(波浪)	名創廣州	PRC	ZL201830134611.4	2018-06-12
7.	本子(波浪)	名創廣州	PRC	ZL201830135072.6	2018-12-18
8.	迷你風扇(MS-L2864D)	名創廣州	PRC	ZL201830291770.5	2018-11-27
9.	迷你風扇(MS-L2864B)	名創廣州	PRC	ZL201830291814.4	2018-11-27
10.	迷你風扇(MS-L2864)	名創廣州	PRC	ZL201830291815.9	2018-11-27
11.	迷你風扇(MS-L2864C)	名創廣州	PRC	ZL201830291769.2	2018-11-27
12.	筆(劍玉中性筆)	名創廣州	PRC	ZL201830703689.3	2019-10-08
13.	燈(圓折燈)	名創廣州	PRC	ZL201830703678.5	2019-05-17
14.	手持小風扇	名創廣州	PRC	ZL201830703660.5	2019-05-17
15.	按摩器(UFO)	名創廣州	PRC	ZL201930126515.X	2019-08-30
16.	按摩球(tree1)	名創廣州	PRC	ZL201930126526.8	2019-09-06
17.	氣囊鏡(多功能便攜式)	名創廣州	PRC	ZL201930126533.8	2020-04-07
18.	牙刷(笑臉牙刷)	名創廣州	PRC	ZL201830704317.2	2019-12-13
19.	杯(保齡球杯)	名創橫琴	PRC	ZL201830072556.0	2018-08-10
20.	杯(MILKY奶瓶杯)	名創橫琴	PRC	ZL201930225451.9	2019-11-22
21.	杯(JAM果醬杯)	名創橫琴	PRC	ZL201930224850.3	2019-11-22
22.	按摩器(火星車)	名創橫琴	PRC	ZL201930328946.4	2019-12-13
23.	骨梳	名創橫琴	PRC	ZL201930468420.6	2020-05-08
24.	氣囊梳	名創橫琴	PRC	ZL201930468419.3	2020-05-08
25.	卷梳	名創橫琴	PRC	ZL201930468418.9	2020-05-08
26.	無線充小夜燈	名創橫琴	PRC	ZL201930530195.4	2020-04-03
27.	筆(表情筆)	名創橫琴	PRC	ZL201930563657.2	2020-05-08
28.	軟管燈	名創橫琴	PRC	ZL201930625510.1	2020-04-03
29.	電子鬧鐘(魔方)	名創橫琴	PRC	ZL201930328951.5	2020-05-19
30.	修眉刀	名創橫琴	PRC	ZL202030152633.0	2020-07-24

*(c) Copyrights*

As at the Latest Practicable Date, we had registered the following copyrights which are material in relation to our Group's business:

No.	Copyright	Copyright Owner	Registration Number	Registration Date
1	MINIFAMILY 系列-柴犬 MR SHIBA	名創橫琴	國作登字-2021-F-00091287	2021-04-23
2	MINIFAMILY 系列-呆呆豬 MR PIGLET	名創橫琴	國作登字-2021-F-00091292	2021-04-23
3	MINIFAMILY 系列-花貓 MS KITTEN	名創橫琴	國作登字-2021-F-00091286	2021-04-23
4	MINIFAMILY 系列-微笑企鵝 MR PENGUIN	名創橫琴	國作登字-2021-F-00091298	2021-04-23
5	MINIFAMILY 系列-牙牙恐龍 BABY SAURIO	名創橫琴	國作登字-2021-F-00091299	2021-04-23
6	Twinkle (Fighter plane)	大潮玩	國作登字-2021-F-00132134	2021-06-15
7	Twinkle (Rust)	大潮玩	國作登字-2021-F-00132146	2021-06-15
8	Tammy (熊貓)	大潮玩	國作登字-2021-F-00132136	2021-06-15
9	Twinkle (Camo)	大潮玩	國作登字-2021-F-00132140	2021-06-15
10	Twinkle (Li chun)	大潮玩	國作登字-2021-F-00132137	2021-06-15
11	Tammy (美膚之夜)	大潮玩	國作登字-2021-F-00132133	2021-06-15
12	Twinkle (賽博150)	大潮玩	國作登字-2021-F-00132141	2021-06-15
13	Tammy (甜心蛋糕)	大潮玩	國作登字-2021-F-00132139	2021-06-15
14	Twinkle (Black)	大潮玩	國作登字-2021-F-00132144	2021-06-15
15	Twinkle (基本形象)	大潮玩	國作登字-2021-F-00132145	2021-06-15
16	Twinkle (Black doll)	大潮玩	國作登字-2021-F-00132138	2021-06-15
17	Tammy (基本形象)	大潮玩	國作登字-2021-F-00132135	2021-06-15
18	Twinkle (Pink)	大潮玩	國作登字-2021-F-00132142	2021-06-15
19	Twinkle (Boxing)	大潮玩	國作登字-2021-F-00132143	2021-06-15
20	BUZZ	大潮玩	國作登字-2021-F-00121384	2021-06-02
21	Twinkle 街機賽博	大潮玩	國作登字-2021-F-00121383	2021-06-02
22	咩記廣味茶點鋪系列	大潮玩	國作登字-2021-F-00121385	2021-06-02
23	藏物精靈 VERA	大潮玩	國作登字-2021-F-00121382	2021-06-02
24	T-girl-讀書日常圖	大潮玩	國作登字-2021-F-00063513	2021-03-18
25	T-girl-奶茶日常圖	大潮玩	國作登字-2021-F-00063520	2021-03-18
26	T-boy街機娃娃-7	大潮玩	國作登字-2021-F-00063526	2021-03-18
27	T-girl-奶牛娃娃日常圖	大潮玩	國作登字-2021-F-00063525	2021-03-18
28	T-boy街機娃娃-8	大潮玩	國作登字-2021-F-00063519	2021-03-18
29	T-boy街機娃娃-1	大潮玩	國作登字-2021-F-00063510	2021-03-18
30	T-girl-雪糕日常圖	大潮玩	國作登字-2021-F-00063511	2021-03-18
31	T-boy街機娃娃-10	大潮玩	國作登字-2021-F-00063514	2021-03-18
32	T-girl-POP日常圖	大潮玩	國作登字-2021-F-00063515	2021-03-18

No.	Copyright	Copyright Owner	Registration Number	Registration Date
33	T-girl-遊戲日常圖	大潮玩	國作登字-2021-F-00063512	2021-03-18
34	T-boy 街機娃娃-9	大潮玩	國作登字-2021-F-00063518	2021-03-18
35	T-boy 街機娃娃-6	大潮玩	國作登字-2021-F-00063523	2021-03-18
36	T-boy 街機娃娃-4	大潮玩	國作登字-2021-F-00063521	2021-03-18
37	T-boy 街機娃娃-5	大潮玩	國作登字-2021-F-00063522	2021-03-18
38	T-boy 街機娃娃-3	大潮玩	國作登字-2021-F-00063524	2021-03-18
39	T-girl-可樂日常圖	大潮玩	國作登字-2021-F-00063516	2021-03-18
40	T-boy 街機娃娃-2	大潮玩	國作登字-2021-F-00063517	2021-03-18
41	商品研發系統軟件	創優數字	2021SR1296519	2021-08-31
42	國際市場訂貨平台	創優數字	2021SR1521776	2021-10-18
43	創優多算平台軟件	創優數字	2021SR1521779	2021-10-18
44	加盟商訂貨平台軟件	創優數字	2021SR1757619	2021-11-17
45	創優用戶中台系統軟件	創優數字	2021SR1906183	2021-11-26
46	名創優品線上商城小程序軟件	創優數字	2021SR1906182	2021-11-26
47	移動工作臺應用軟件	創優數字	2021SR1906165	2021-11-26

**(d) Domain names**

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1	minihome.cn	名創優選	2028-06-14
2	miniso.cn	名創廣州	2024-09-17
3	miniso.com	創優數字	2024-12-11
4	minisotech.com	名創廣州	2023-11-29
5	toptoy.cn.com	大潮玩	2022-09-23
6	toptoy.com.cn	大潮玩	2022-11-10

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

**C. FURTHER INFORMATION ABOUT OUR DIRECTORS****1. Particulars of Directors' service contracts and appointment letters****(a) Executive Directors**

Each of our executive Directors entered into a service contract with our Company on June 26, 2022. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than 30 days' written notice.

**(b) Independent non-executive Directors**

Each of our independent non-executive Directors entered into an amended and restated director agreement with our Company on June 26, 2022. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than 30 days' written notice, or such shorter period as the parties may agree upon.

**2. Remuneration of Directors**

- (a) Remuneration and benefits in kind of approximately RMB36.4 million, RMB85.1 million, RMB43.8 million and RMB5.1 million in aggregate (including equity-settled share-based payments, amounting to RMB28.6 million, RMB79.0 million, RMB37.6 million and RMB0.5 million for the same periods respectively) were paid and granted by our Group to our Directors in respect of for the fiscal years ended June 30, 2019, 2020, 2021 and the six months ended December 31, 2021.
- (b) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the fiscal year ending June 30, 2022, is expected to be approximately RMB8.7 million in aggregate (excluding discretionary bonus).
- (c) None of our Directors has or is proposed to have a service contract with our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

### 3. Disclosure of interests

*(a) Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the Global Offering*

Immediately following completion of the Global Offering (assuming the Presumptions), and other than as disclosed in “Substantial Shareholders”, the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required, pursuant to the ‘Model Code for Securities Transactions by Directors of Listed Issuers’ contained in the Listing Rules, to be notified to our Company and the Stock Exchange 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 once our Shares are listed on the Stock Exchange, are set out as follows:

*(i) Interest in Shares of our Company*

Name of director	Nature of interest	Number of issued Shares	Number of Shares underlying outstanding options/restricted shares granted	Approximate percentage of interest in our Company immediately after the Global Offering <sup>(1)</sup>
Mr. Ye	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust/interest of spouse	789,405,061 Shares <sup>(2)</sup>	–	62.32%
Mr. Minxin Li	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust	56,151,532 Shares <sup>(3)</sup>	–	4.43%
Mr. Saiyin Zhang	Beneficial interest	–	7,898,800 Shares <sup>(4)</sup>	0.62%



Name of director	Nature of interest	Number of issued Shares	Number of Shares underlying options/restricted shares granted	Approximate percentage of interest in our Company immediately after the Global Offering <sup>(1)</sup>
Ms. Lili Xu	Beneficial interest	–	20,000 Shares <sup>(5)</sup>	0.002%
Mr. Yonghua Zhu	Beneficial interest	–	38,436 Shares <sup>(6)</sup>	0.003%

*Notes:*

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no Shares are issued under the 2020 Share Incentive Plan.
- (2) Represents (i) 328,290,482 Shares held by Mini Investment Limited; (ii) 203,265,382 Shares held by YGF MC Limited; and (iii) 257,849,197 Shares held by YYY MC Limited. For further details of Mr. Ye's interest in our Company, please see the section headed "Substantial Shareholders".
- (3) Represents 56,151,532 Shares held by LMX MC LIMITED, a limited liability company incorporated under the laws of British Virgin Islands. All shares of LMX MC LIMITED are held by TMF (Cayman) Ltd. on behalf of LMX Trust, with TMF (Cayman) Ltd. as the trustee, and Mr. Li and his family members as beneficiaries. Mr. Minxin Li is both the settlor and the protector of the LMX Trust and is deemed to be the controlling person of LMX Trust. Under the SFO, Mr. Li is deemed to be interested in all the interests in our Company held by LMX MC Limited.
- (4) Represents the beneficial interest in 7,898,800 Shares which underlines the outstanding restricted shares granted to him under the 2020 Share Incentive Plan.
- (5) Represents the beneficial interest in 20,000 Shares which underlines the outstanding options granted to her under the 2020 Share Incentive Plan.
- (6) Represents the beneficial interest in 20,000 Shares which underlines the outstanding options granted to him under the 2020 Share Incentive Plan, and 18,436 Shares as his remuneration.

**(b) *Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO***

For information on the persons who will, immediately following the completion of the Global Offering and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the 2020 Share Incentive Plan, have or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please see the section headed "Substantial Shareholders".

**D. 2020 SHARE INCENTIVE PLAN****Summary**

The 2020 Share Incentive Plan was adopted by the Board in September 2020. The Board is permitted to make the necessary amendments to the 2020 Share Incentive Plan under the terms of such plan to comply with Chapter 17 of the Listing Rules and, pursuant to written resolutions of the Board passed on June 24, 2022, have approved such amendments to take effect immediately upon Listing. The principal terms of the 2020 Share Incentive Plan, as amended, will be governed by Chapter 17 of the Listing Rules and are as described below.

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix IA to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See the section headed “Waivers and Exemptions – Waiver and Exemption in relation to the 2020 Share Incentive Plan” for more information. We have also applied to the Stock Exchange for a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules, so that our Company may, after the Listing, continue to grant options with exercise prices based on the market price of its ADSs as traded on the NYSE instead of the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet. See the sub-section headed “Waivers and Exemption – Exercise Price of Options to be Granted pursuant to the 2020 Share Incentive Plan after the Listing” in this document for more information.

**(a) Purpose**

The purposes of the 2020 Share Incentive Plan are to attract and retain qualified personnel, provide incentives to employees, consultants and directors of our Group, and promote the success of our business.

**(b) Who may join**

Those eligible to participate in the 2020 Share Incentive Plan include employees, consultants, and directors of our Group (the “**Participants**”). The plan administrator may, from time to time, select from among all Participants to whom awards in the form of share options (the “**Options**”), a right to purchase restricted Shares (the “**Restricted Shares**”) or a right to purchase restricted Shares units (the “**Restricted Shares Units**”) (collectively, the “**Awards**”), will be granted and will determine the nature and amount of each option.

(c) *Maximum number of Shares*

The maximum aggregate number of ordinary shares that may be issued under 2020 Share Incentive Plan is 147,301,128 Shares, of which only up to 71,485,122 Shares may be issued pursuant to Awards granted in the form of options. As of the Latest Practicable Date, our Company had granted Awards in the form of options and restricted shares pursuant to the 2020 Share Incentive Plan representing a total of 87,265,342 underlying class A ordinary Shares (including those that have been exercised but excluding those that were terminated or lapsed and reverted to the award pool). Our Company will not grant any further Awards pursuant to the 2020 Share Incentive Plan between the Latest Practicable Date and the Listing. As such, upon the Listing, our Company may grant further Awards representing a total of 60,035,786 Shares pursuant to the 2020 Share Incentive Plan, of which only up to 60,035,786 Shares may be issued pursuant to Awards granted in the form of options and restricted shares. The total number of Shares which may be issued upon exercise of all options that may be granted pursuant to the 2020 Share Incentive Plan in aggregate does not exceed 10% of the total number of Shares in issue upon Listing and is subject to an annual limit of 3% of the total number of Shares in issue in any financial year.

(d) *Administration*

The Board or a committee of one or more members of the Board administers the 2020 Share Incentive Plan. The committee or the Board determines, among other things, the participants eligible to receive awards, the type or types of awards to be granted to each eligible participant, the number of awards to be granted to each eligible participant, and the terms and conditions of each award grant.

(e) *Grant of Awards*

The 2020 Share Incentive Plan permits the awards of options, restricted shares, and RSU awards or other types of awards approved by the Board. At the discretion of the Board or the committee delegated with the authority to administer the plan, ADSs in an amount equivalent to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award.

Awards under the 2020 Share Incentive Plan are evidenced by an award agreement that set forth the terms, conditions, and limitations for each award, which may include the term of the award, the provisions applicable in the event the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel, or rescind the Award. We will also comply with the requirements under Chapter 14A of the Listing Rules (to the extent applicable) with respect to the grant of Awards (including the grant of awards with respect to the Shares issued to the Depository for bulk issuance of ADSs) to connected persons after the Listing.

*(f) Terms and conditions of the 2020 Share Incentive Plan*

The 2020 Share Incentive Plan commenced in September 2020 and shall continue in effect for a term of 10 years unless sooner terminated under the terms of the 2020 Share Incentive Plan.

Awards may not be transferred in any manner by the Participant other than in accordance with the exceptions provided in the 2020 Share Incentive Plan, such as transfers to our Company or a subsidiary of ours, transfers to the immediate family members of the Participant by gift, the designation of a beneficiary to receive benefits if the Participant dies, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative if the participant has suffered a disability, or, subject to the prior approval of the plan administrator or our executive officer or Director authorized by the plan administrator, transfers to one or more natural persons who are the Participant's family members or entities owned and controlled by the participant and/or the participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the Participant and/or the Participant's family members, or to such other persons or entities as may be expressly approved by the plan administrator, pursuant to such conditions and procedures as the plan administrator may establish.

*(g) Options*

Unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted and to be granted under the 2020 Share Incentive Plan and any other plan of our Company to an eligible participant within any 12-month period shall not exceed 1% of the Shares issued and outstanding at the date of any grant.

No option shall be granted to any eligible participant in circumstances prohibited by any applicable laws or at a time when the eligible participant would or might be prohibited from dealing in the Shares by any applicable laws. No option shall be granted to any eligible participant where such person is in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the applicable laws. Furthermore, no option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results of our Company or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (ii) during the period of 30 days immediately preceding the publication date of the half-year results of our Company or, if shorter, the period from the end of the relevant half-year period up to the publication date of such results.

Such period will also cover any period of delay in the publication of any results announcement.

The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement shall not be lower than the fair market value of the Shares on the date of grant, which shall be the higher of: (i) the closing sales price for such Shares or securities as quoted on the principal exchange or system on which the Shares or securities of our Company are listed (as determined by the Board or the committee delegated with the authority to administer the plan) on the date of grant, and (ii) average closing sales price as quoted on the principal exchange or system on which the Shares or securities of our Company are listed for the five business days immediately preceding the date of grant. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant. Any option granted but not exercised by the end of its term will automatically lapse and be cancelled.

***(h) Amendment, Modification, and Termination***

At any time and from time to time, the Board may terminate, amend or modify the 2020 Share Incentive Plan; provided, however, that (i) to the extent necessary and desirable to comply with applicable laws or stock exchange rules, our Company shall obtain shareholder approval of any 2020 Share Incentive Plan amendment in such a manner and to such a degree as required, unless our Company decides to follow home country practice, and (ii) unless our Company decides to follow home country practice, shareholder approval is required for any amendment to the 2020 Share Incentive Plan that (1) increases the number of Shares available under the 2020 Share Incentive Plan, or (2) permits the plan administrator to extend the term of the 2020 Share Incentive Plan or the exercise period for an Option beyond ten years from the date of grant.

Notwithstanding the other provisions of the 2020 Share Incentive Plan, to the extent required under the rules of any securities exchange or market system on which the Shares are listed, amendments to the terms of options granted under the 2020 Share Incentive Plan shall be subject to approval by the Shareholders entitled to vote at a meeting of the Shareholders.

**Outstanding Options and Restricted Shares granted**

As of the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding options granted under the 2020 Share Incentive Plan amounted to 11,449,336 Shares, representing approximately 0.90% of the issued and outstanding Shares immediately following the completion of the Global Offering. As of the Latest Practicable Date, (i) 92,586,048 Shares have been issued to certain share incentive award holding vehicles (including 75,816,006 restricted shares granted before the Latest Practicable Date, 11,449,336 Shares issued for the vesting and exercise of Options granted before the Latest Practicable Date, and 5,320,706 Shares issued and reserved for the Awards to be granted), and (ii) up to a maximum of 54,715,080 Shares may be further issued upon the exercise of the Options to be granted under the 2020 Share Incentive Plan. For details of the share incentive award holding vehicles, see section headed “History and Corporate Structure – Corporate and Shareholding Structure”.

As of the Latest Practicable Date, the outstanding options are held by 239 grantees under the 2020 Share Incentive Plan. All the options under the 2020 Share Incentive Plan were granted on January 16, 2020, September 27, 2020, October 15, 2020 or October 15, 2021. The exercise price of the options granted under the 2020 Share Incentive Plan is US\$0.036 per Share. Assuming 54,715,080 Shares will be issued upon the full vesting and exercise of all outstanding Options to be granted under the 2020 Share Incentive Plan, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised) will be diluted by approximately 4.14%. The dilution effect on our earnings per Share would be approximately 4.14%.

Below is a list of grantees who are Directors, senior management and connected persons of our Company and consultants of our Group under the 2020 Share Incentive Plan:

Name	Position	Date of Grant	Vesting Period	Exercise price (per Share in US\$)	Number of Shares under options granted	Approximate percentage of the issued Shares immediately after completion of Global Offering
Xu Lili	Independent non-executive director	2020-10-15	50% of the number of Shares shall become fully vested upon grant and 50% of the number of Shares shall become fully vested after 1 year of the date of grant	0.00	20,000	0.002%
Zhu Yonghua	Independent non-executive director	2020-10-15	50% of the number of Shares shall become fully vested upon grant and 50% of the number of Shares shall become fully vested after 1 year of the date of grant	0.00	20,000	0.002%
		2021-10-15	50% of the number of Shares shall become fully vested upon grant and 50% of the number of Shares shall become fully vested after 1 year of the date of grant	0.00	18,436	0.001%
Shao Yiting	Consultant	2020-09-27	5 years	0.036	100,000	0.008%
Shao Yiping	Consultant	2020-09-27	5 years	0.036	100,000	0.008%
Zhang Fangjun	Consultant	2020-09-27	5 years	0.036	80,000	0.006%
<b>Total:</b>					<b>338,436</b>	<b>0.027%</b>

Below is a list of grantees who have been granted options to subscribe for 200,000 or more Shares under the 2020 Share Incentive Plan:

Name	Position	Date of Grant	Vesting Period	Exercise Price (per Share in US\$)	Number of Shares under options granted	Approximate percentage of the issued Shares immediately after completion of Global Offering
Huang Jialin	Employee	2020-01-16	5 years	0.036	280,000	0.02%
Li Lin	Employee	2020-01-16	5 years	0.036	280,000	0.02%
Li Zhongyang	Employee	2020-01-16	5 years	0.036	280,000	0.02%
Ye Zhicong	Employee	2020-01-16	5 years	0.036	280,000	0.02%
Ma Teng	Employee	2020-01-16	5 years	0.036	350,000	0.03%
Tu Baoyan	Employee	2020-01-16	5 years	0.036	651,000	0.05%
Liu Xiaobin	Employee	2020-01-16	5 years	0.036	700,000	0.06%
Xu Zhenjie	Employee	2020-01-16	5 years	0.036	700,000	0.06%
Li Na	Employee	2020-01-16	5 years	0.036	1,400,000	0.11%
<b>Total:</b>					<b>4,921,000</b>	<b>0.39%</b>

Below is a list of grantees (excluding Directors, senior management and connected persons of our Company and consultants of our Group) who have been granted options to subscribe for less than 200,000 Shares under the 2020 Share Incentive Plan:

Category by number of underlying Shares	Number of grantees	Date of Grant	Vesting period <sup>(1)</sup>	Expiry date	Exercise Price (per Share in US\$)	Number of Shares under options granted	Approximate percentage of the issued Shares immediately after completion of Global Offering
100,001 to 200,000	16	2020-01-16	5 years	2030-01-16	0.036	2,240,000	0.18%
50,001 to 100,000	13	2020-01-16/ 2020-09-27	5 years	2030-01-16/ 2030-09-27	0.036	957,000	0.08%
1 to 50,000	196	2020-01-16/ 2020-09-27	5 years	2030-01-16/ 2030-09-27	0.036	2,992,900	0.24%
<b>Total:</b>	<b>225</b>				<b>Total:</b>	<b>6,189,900</b>	<b>0.49%</b>

Note:

- (1) The exercise period of the options granted shall commence from the date on which the relevant options become vested and ended on the expiry date, subject to the terms of the 2020 Share Incentive Plan and the share option award agreement signed by the grantee.

As of the Latest Practicable Date, the number of outstanding restricted shares granted under the 2020 Share Incentive Plan amounted to 75,816,006 Shares, representing approximately 5.99% of the issued and outstanding Shares immediately following the completion of the Global Offering. As of the Latest Practicable Date, the outstanding restricted shares are held by 70 grantees under the 2020 Share Incentive Plan. All the restricted shares under the 2020 Share Incentive Plan were granted on December 26, 2019. The purchase price of the restricted shares granted under the 2020 Share Incentive Plan is US\$0.036 per Share.

The table below shows the details of the outstanding restricted shares granted to the 70 grantees under the 2020 Share Incentive Plan:

Category by number of underlying Shares	Number of grantees	Date of Grant	Vesting Period	Purchase Price (per Share in US\$)	Number of Shares outstanding in aggregate	Approximate percentage of the issued Shares immediately after completion of Global Offering
10,000,001 to 12,000,000	1	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	11,979,800	0.95%
5,000,001 to 10,000,000	5	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	36,129,800	2.85%
1,000,001 to 5,000,000	3	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	4,810,400	0.38%
500,001 to 1,000,000	15	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	8,728,300	0.69%



Category by number of underlying Shares	Number of grantees	Date of Grant	Vesting Period	Purchase Price (per Share in US\$)	Number of Shares outstanding in aggregate	Approximate percentage of the issued Shares immediately after completion of Global Offering
1 to 500,000	46	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	14,167,706	1.12%
<b>Total:</b>	<b>70</b>			<b>Total:</b>	<b>75,816,006</b>	<b>5.99%</b>

Below is a list of the directors, senior management and connected persons who are grantees of restricted shares under the 2020 Share Incentive Plan:

Name	Position	Date of Grant	Vesting Period	Purchase Price (per Share in US\$)	Number of Shares outstanding	Approximate percentage of the issued Shares immediately after completion of Global Offering
Zhang Saiyin	Executive director, chief financial officer and executive vice president	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	7,898,800	0.62%
Dou Na	Executive vice president	2019-12-26	100% of the Shares shall become fully vested upon grant	0.036	11,979,800	0.95%
<b>Total:</b>					<b>19,878,600</b>	<b>1.57%</b>

**E. OTHER INFORMATION****1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

**2. Litigation**

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

**3. Joint Sponsors**

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any Shares to be allotted and issued pursuant to the Share Incentive Schemes).

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$1,500,000 for acting as the sponsor for the Listing.

**4. Consents of Experts**

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

<b>Name</b>	<b>Qualification</b>
Merrill Lynch (Asia Pacific) Limited	A licenced corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Haitong International Capital Limited	A licenced corporation under the SFO for type 6 (advising on corporate finance) of the regulated activities as defined under the SFO

<b>Name</b>	<b>Qualification</b>
UBS Securities Hong Kong Limited	A licenced corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of the regulated activities as defined under the SFO
JunHe LLP	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorney-at-law
KPMG	Certified Public Accountants  Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Frost & Sullivan International Limited	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries 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.

## **5. Binding Effect**

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

## **6. Bilingual Prospectus**

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## 7. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

## 8. Disclaimers

- (a) Save as disclosed in “History and Corporate Structure”, “Financial Information”, “Underwriting”, Appendix IA and the section headed “– 2020 Share Incentive Plan” in this section, within the two years immediately preceding the date of this document:
  - (i) there are no commissions (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company; and
  - (ii) there are no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in “– Other information – Consent of experts” received any such payment or benefit.
- (b) Save as disclosed in “History and Corporate Structure”, “Financial Information”, Appendix IA, and the section headed “– 2020 Share Incentive Plan” in this section:
  - (i) there are no founder, management or deferred shares nor any debentures in our Company or any member of our Group;
  - (ii) we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given within the two years immediately preceding the date of this document, or are proposed to be paid, allotted or given to any promoters;
  - (iii) none of our Directors or experts named in “– Other information – Consent of experts” above, have any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, 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;
  - (iv) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;
  - (v) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;

- (vi) there are no outstanding debentures of our Company or any member of our Group;
- (vii) there are no arrangements under which future dividends are waived or agreed to be waived;
- (viii) there were no significant interruptions in the business of our Group which may have or have had a significant effect on our financial position in the last 12 months;
- (ix) and save for the 2020 Share Incentive Plan, no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;
- (x) there are no restrictions affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong; and
- (xi) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

---

## APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

---

### DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) a copy of the **GREEN** Application Form;
- (b) the written consents referred to under the section headed “Statutory and General Information – Other Information – Consents of Experts” in Appendix V; and
- (c) a copy of the material contract referred to in the section headed “Statutory and General Information – Further Information about Our Business – Summary of Material Contract” in Appendix V.

### DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [ir.miniso.com](http://ir.miniso.com) during a period of 14 days from the date of this document:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report and the report on the unaudited pro forma financial information of our Group from KPMG, the texts of which are set out in Appendices IA and II;
- (c) the audited consolidated financial statements of our Group for the fiscal years ended June 30, 2019, 2020 and 2021;
- (d) the report on review of condensed interim financial statements of our Group as at March 31, 2022, the texts of which are set out in Appendix IB;
- (e) the PRC legal opinions issued by JunHe LLP, our legal adviser as to PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarizing the constitution of the Company and certain aspects of the Cayman Islands law referred to in Appendix IV;
- (g) the Cayman Companies Act;
- (h) the industry report issued by Frost & Sullivan International Limited, the summary of which is set forth in the section headed “Industry Overview”;

---

**APPENDIX VI                      DOCUMENTS DELIVERED TO THE REGISTRAR OF  
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

---

- (i) the property valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III;
- (j) the written consents referred to under the section headed “Statutory and General Information – Other Information – Consents of Experts” in Appendix V;
- (k) the material contract referred to in “Statutory and General Information – Further Information about Our Business – Summary of Material Contract” in Appendix V;
- (l) the service contracts and the letters of appointment with our Directors referred to in “Statutory and General Information – Further Information about Our Directors – Particulars of Directors’ service contracts and appointment letters” in Appendix V;  
and
- (m) the terms of the 2020 Share Incentive Plan.

**DOCUMENT AVAILABLE FOR INSPECTION**

A copy of a list of grantees under the 2020 Share Incentive Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Skadden, Arps, Slate, Meagher & Flom at 42/F Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.

