
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 ⁽¹⁾	Estimated Geographical Region Breakdown	
		Third-and-lower- tier cities	First-and-second- tier cities
By the end of 2022 ⁽²⁾	Around 400	Around 280	Around 120
From 2023 to 2025 ⁽²⁾	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 ⁽¹⁾	Around 350	Around 130	Around 100	Around 70	Around 50
From 2023 to 2025 ⁽¹⁾	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

Upgrade	Estimated Cost	Estimated Timeframe
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.