Mukesh Raj & Co.
CHARTERED ACCOUNTANTS

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Independent Auditor's report on Special purpose IND-AS Financial Statements

To the members / Management / Board of Directors

OYO Hospitality and Technology (Shenzhen) Co., Ltd.

We have audited the accompanying Special purpose standalone financial statements of **OYO Hospitality and Technology (Shenzhen) Co., Ltd.** ("the Company") comprise the Balance sheet as at December 31, 2018, the Statement of Profit and Loss, including the statement of changes in Equity, the Cash Flow Statement and the Statement of Changes in Equity for the year period from January 01, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together herein referred to as "Special Purpose Standalone Financial Statements" or "financial statements" or "Standalone Financial Statements"). This Special purpose financial information has been prepared solely in connection with the proposed Initial Public Offer ("IPO") of Oravel Stays Private Limited (the "Group Company") in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Standalone Financial Statements are in compliance with the basis of preparation explained in the financial statements including Basis for Opinion paragraph below.

Basis for Opinion

The underlying Standalone Financial Statements of the Company for the year ended December 31, 2018 has been prepared in accordance with the applicable Accounting Standards for Business Enterprises ("ASBEs") in China and converted into to Indian rupee (INR) as per IND-AS 21 – "The Effects of Changes in Foreign Exchange Rates". We have not audited the financial statements as per the local GAAP; and have relied upon the report from the local auditor in China used for the purpose of converting the balances from local currency into Indian rupee (INR) which is the Group company's (Oravel Stays Private Limited) functional and presentation currency.

The Special Purpose Standalone Financial Statements do not include all the information and disclosures normally included in annual financial statements. Only those disclosures as considered appropriate by the Management have been considered in these Standalone Financial Statements. Further, management opts not to disclose comparative numbers in the financial statements.

Responsibilities of Management for the Standalone Financial Statements

The Company's Management / Board of Directors is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles of the Company. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

MUKESH RAJ & CO. FRN:016693N DELHI Chartered Accountants and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Management / Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

Restriction on Use and Distribution

As disclosed in basis of opinion paragraph; these Special Purpose Standalone Financial Statements have been prepared solely for management's internal financial reporting purpose and is intended solely for the information and use of the Management / Board of directors of the Company or Group Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For and on behalf of
Mukesh Raj & Co.
Chartered Accountants
Firm Registration No. 016693N

MUKESH RAJ & CO.
FRN:016693N
DELHI
Chartered Accountants

Mukesh Goel
Partner
Membership no: 094837
UDIN: 21094837AAAAJJ2818

Place: Delhi
Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co. Ltd.
Balance Sheet
31 December 2018
(Amount in Indian Rupees Millions, unless stated otherwise)

ASSETS	Note V	31 December 2018
Current assets		
Currency funds	1	1,658.91
Notes receivable and accounts receivable	2	226.32
Prepayments	3	441.95
Other receivables	4	191.03
Inventories	5	331.04
Other current assets	6	2,154.21
Total current assets		5,003.46
Non-current assets		
Fixed assets	7	3.26
Intangible assets	8	286.66
Development expenditures	9	1.50
Long-term prepaid expenses	10	17.45
Total non-current assets		308.87
Total assets		5,312.33

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OYO Hospitality and Technology (Shenzhen) Co. Ltd.

Balance Sheet (continued)
31 December 2018
(Amount in Indian Rupees Millions, unless stated otherwise)

LIABILITIES AND EQUITY	Note V	31 December 2018
Current liabilities		
Notes payable and accounts payable		67.17
Receipts in advance		0.29
Employee benefits payable	12	666.07
Taxes and surcharges payable	13	48.24
Other payables	14	2,170.40
Total current liabilities		2,952.17
Total liabilities		2,952.17
Equity		
Paid-in capital	15	10,589.37
Uncompensated losses	16	-7,966.54
Foreign currency translation		-262.67
Total equity		**2,360.16**
Total liabilities and equity		**5,312.33**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukesh Raj & Co.
Chartered Accountants
ICAI Firm Registration Number: 016693N

MUKESH RAJ & CO.
FRN:016693N
DELHI
Chartered Accountants

per Mukesh Goel
Partner
Membership No. :094837

Place: New Delhi
Date: September 21, 2021

For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd.

Rakesh Kumar
Authorised signatory

Place: Gurugram
Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co. Ltd.
Income Statement
From 25 January 2018 (the date of company establishment)
to 31 December 2018
(Amount in Indian Rupees Millions, unless stated otherwise)

	Note V	From 25 January 2018 (date of incorporation) to 31 December 2018
Revenue	17	571.36
Less: Cost of sales		956.40
Taxes and surcharges		2.67
Selling expenses		5,417.20
Administrative expenses		1,826.01
Research and development expenses		267.72
Finance income	18	-10.03
Impairment losses	19	17.38
Add: Profit or loss arising from disposal of assets	20	-20.60
Operating loss		**(7,926.59)**
Add: Non-operating income	21	0.00
Less: Non-operating expenses	22	39.95
Loss before income taxes		(7,966.54)
Less: Income tax expenses	24	
Loss		(8,236.75)
Other comprehensive income		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations		(262.66)
Total comprehensive loss		(8,229.20)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukesh Raj & Co.
Chartered Accountants
ICAI FRN: 016693N

per Mukesh Goel
Partner
Membership No. 094837

Place : New Delhi
Date: September 21, 2021

For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd

Rakesh Kumar
Authorized Signatory

Place: Gurugram
Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co. Ltd.
Statement of changes in equity
From 25 January 2018 (the date of company establishment)
to 31 December 2018
(Amount in Indian Rupees Millions, unless stated otherwise)

		Paid-in capital	Uncompensated losses	Total equity
I.	Balance at end of prior year			
II.	Changes for the year			
1.	Total comprehensive income		-7,966.54	-7,966.54
2.	Owners' contributions andreduction in capital			
(1)	Capital contributions by owners	10,589.37	-	10,589.37
	Foreign currency translation reserve		-262.66	-262.66
III.	Balance at end of year	10,589.37	-8,229.20	2,360.17

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukesh Raj & Co.
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ICAI FRN: 016693N

MUKESH RAJ & CO. FRN:016693N DELHI Chartered Accountants

per Mukesh Goel
Partner
Membership No. 094837

Place : New Delhi
Date: September 21, 2021

For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd

Rakesh Kumar
Authorised signatory

Place: Gurugram
Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co. Ltd.
Statement of cash flows
From 25 January 2018 (the date of company establishment)
to 31 December 2018
(Amount in Indian Rupees Millions, unless stated otherwise)

	Note V	From 25 January 2018(date of incorporation) to 31 December 2018
1 CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the sale of goods and the rendering of services		352.66
Other cash receipts relating to operating activities		0.37
Total cash inflows from operating activities		353.03
Cash payments for goods and services		1,021.78
Cash payments to and on behalf of employees		4,430.64
Payments of all types of taxes and surcharges		0.38
Other cash payments relating to operating activities		1,754.24
Total cash outflows from operating activities		7,207.04
Net cash flows from operating activities	25	-6,854.01
2 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments to acquire fixed assets, intangible assets and other long-term assets		320.07
Other cash payments relating to investing activities		1,592.65
Total cash outflows from investing activities		1,912.72
Net cash flows from investing activities		-1,912.72

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(Amount in Indian Rupees Millions, unless stated otherwise)

	Note V	From 25 January 2018(date of incorporation) to 31 December 2018
3. CASH FLOWS FROM FINANCING AGTIVITIES		
Cash proceeds from investments by others		10,386.45
Cash receipts from borrowings		28.07
Total cash outflows from financing activities		10,414.52
Net cash flows from financing activities		10,414.52
4. EFFECT OF EXCHANGE RATE CHANGES ONCASH AND CASH EQUIVALENTS		11.12
5. NET INCREASE IN CASH AND CASHEQUIVALENTS		1,658.91
Add: Cash and cash equivalents at beginning of year		
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	26	1,658.91

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukesh Raj & Co.
Chartered Accountants
ICAI FRN: 016693N

MUKESH RAJ & CO.
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per Mukesh Goel
Partner
Membership No. 094837

Place : New Delhi
Date: September 21, 2021

For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd

Rakesh Kumar
Authorised signatory

Place: Gurugram
Date: September 21, 2021

I. Corporate information

OYO Hospitality and Technology (Shenzhen) Co. Ltd. (the "Company") is a limited liability company registered in Shenzhen, Guangzhou. The company was established on January 25, 2018. The company is located on the 4th floor of Huafuyang Building, No. 1 Kewen Road, Yuehai Street, Nanshan District, Shenzhe.

The company established the first branch in June 2018: OYO Hospitality and Technology (Shenzhen) Co. Ltd. Shanghai First Branch ("Shanghai Branch"). Shanghai Branch is located in Room 166, Area I, Block 3, Xiushan Road, Chengqiao Town, Chongming County, Shanghai.

The scope of company business is: information, computer, software technology in the field of technology development, technology transfer, technology consulting, consulting services, business management consulting, Hotel management, ticketing agency services.

The immediate holding company of the company is OYO Technology and Hospitality (China) PTE. Ltd. established in China, and the ultimate holding company is Oravel Stays PTE Ltd. established in India.

II. Basis of preparation of the financial statements

The preparation of financial statements in conformity with the China adopted applicable Accounting Standards for Business Enterprises ("ASBEs") in China requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These financials have been audited by local auditor under Ilocal GAAP and have issued audit report dated May 20, 2019 on the financial statements.

The audited financial denominated in local currency "pound" have been converted by the management into India Rupees (INR) ad per Local GAAP "The effect of changes in foreign exchange rates" for the purpose of proposed Initial Public Offer (IPO) of Oravel Stays Private Limited (the Group Company) in India.

The financial statements have been prepared under the historical cost convention.

Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Company as at 31 December 2018, and the financial performance and the cash flows from 25 January 2018 (date of incorporation) to 31 December 2018 in accordance with Accounting Standards for Business Enterprises.

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III. **Significant accounting policies and** estimates

The financial information presented in the period from 25 January 2018 (date of incorporation) to 31 December 2018 financial statements was prepared based on the following significant accounting policies and estimates under ASBEs.

1. **Accounting** year

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December of each year. The actual preparation period of this financial statement is from January 25, 2018 (date of incorporation) to December 31, 2018. As the company was established inthis period, there is no comparative financial information.

2. **Functional** currency

The Company's functional and presentation currency is Renminbi ("RMB"). The currency unit is RMB Yuan except for special instructions.

3. Cash and cash equivalents

Cash comprises the Company's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk ofchanges in value.

4. **Foreign currency** transactions

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions occur. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

Foreign currency cash flows are translated using the average exchange rates for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

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III. Significant accounting policies and estimates (continued)

5. Financial instruments

Recognition and derecognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's account and balance sheet) when:

(1) the rights to receive cash flows from the financial asset have expired; or
(2) the Company has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. The trade date is the date that the Group committed to purchase or sell a financial asset.

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III. Significant accounting policies and estimates (continued)

5. Financial instruments (continued)

Classification and measurement of financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs that are attributable to the acquisition of the financial assets, and are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment are recognised in profit or loss.

The Company recognises a loss for impairment where there is objective evidence that an impairment loss on a financial asset has been incurred. The Company assesses whether impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment has been incurred, an impairment loss is recognised in profit or loss. The Company assesses whether impairment exists for financial assets that are not individually significant, collectively on the basis of groups of financial assets with similar credit risk characteristics. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the financial asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) throughthe use of an allowance account and the loss is recognised in profit or loss. If there is objective evidence of a recovery in the value of the financial asset and the recovery is related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss.

Other financial liabilities

Such financial liabilities are initially recognised at fair value less any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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III. Significant accounting policies and estimates (continued)

5. Financial instruments (continued)

Transfer of financial assets

A financial asset is derecognised when the Company has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognised when the Company retains substantially all the risks and rewards of the financial asset.

When the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the financial asset to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financialasset is measured at the lower of the carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Company could be required to repay.

6. Inventories

Inventories are initially carried at cost. Cost of inventories are mainly costs of purchase.Cost is determined on the first-in, first-out basis. Turnover materials include low value consumables and packing materials, which are on the immediate write-off basis.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. The inventories are written down below cost to net realisable value and the write- down is recognised in profit or loss if the cost is higher than the net realisable value. When the circumstances that previously caused the inventories to be written down below cost no longer exist, in which case the net realisable value of inventories becomes higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down, and is recognised in profit or loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Raw materials and finished goods are written down item by item when the reserve for stock price reduction is calculated.

Inventories include using materials. The using materials purchased by our company forhotels in operation are mainly cotton fabrics, including towels and bedding which need to be replaced periodically. Using materials shall be amortized according to the actual service life after they are taken over, and the amortization life shall be one year. Using materialsare reported as purchasing cost deducts amortized amount.

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III. Significant accounting policies and estimates (continued)

7. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Company and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss as incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of the fixed assets are as follows:

	Useful life	Estimated residual value rate	Annual depreciation rate
Computer Equipment	3 years	0%	33.33%
Office Equipment and Furniture	3 years	0%	33.33%

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and make adjustments if necessary.

8. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. And intangible assets are measured initially at cost.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Company. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company.

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III. Significant accounting policies and estimates **(continued)**

8. Intangible assets (continued)

The useful lives of the intangible assets are as follows:

	Useful life
Software	3 years

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Company reviews the useful life and amortisation method at least at each year end and makes adjustment if necessary.

9. Research and development expenditures

The Company classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred.

Expenditure on the development phase is capitalised only when the Company can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits (among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognised in profit or loss when incurred.

10. Long-term prepaid expenses

Long-term prepaid expenses are amortised using the straight-line method as follows:

	Amortisation period
Expenditure on decoration and renovationof operating hotels	3 years

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III. Significant accounting policies and estimates **(continued)**

11. Impairment of assets

The Company determines the impairment of assets, other than the impairment of inventories, financial assets, using the following methods:

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Company estimates the recoverable amount of the asset and performs impairment testing.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Company. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

12. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Company to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also employee benefits.

Post-employ ent benefits (defined contribution plan)

The employees of the Company participate in a pension scheme and unemployment insurance managed by the local government, the corresponding expenses shall be included in the cost of related assets or profit or loss.

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III. Significant accounting policies and estimates **(continued)**

13. Revenue

Revenue is recognised when it is probable that the associated economic benefits will flow into the Company and when the revenue can be measured reliably, on the following bases:

Revenue from the rendering of services

The company recognizes the relevant revenue when providing services.Interest income

Interest income is recognised on a time proportion basis for which the Company's currency funds are used by others and by the effective interest rate.

The Ministry of Finance revised Accounting Standards for Enterprises No. 14 - Income in 2017. According to the circular issued by the Ministry of Finance on the revision and issuance of Accounting Standards for Enterprises No. 14 - Income, enterprises listed both at home and abroad and enterprises listed abroad that adopt IFRS or enterprise accounting standards to prepare financial statements shall come into effect on January 1, 2018; other domestic listed enterprises shall come into effect on January 1, 2020; and enterprise accounting standards shall be implemented on January 1, 2020. Non-listed enterprises shall come into effect on January 1, 2021. At the same time, enterprises are allowed to execute in advance. The company belongs to a non-listed enterprise and is determinednot to implement in 2018.

14. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or expense in profit or loss, or recognised directly in equity if it arises from a business combination or relates to a transaction or event which is recognised directly in equity.

Current tax liabilities or assets arising from the current and prior periods at the amount expected to be paid by the Company or returned by the tax authority calculated according to related tax laws.

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities andtheir carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except: when the taxable temporary difference arises from a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxableprofit or loss.

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III. Significant accounting policies and estimates (continued)

14. Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except: when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nortaxable profit or loss.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover the assets or settlethe liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities 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 realise 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.

15. Leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset. An operating lease is a lease other than a finance lease.

As lessee of an operatinq lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss.

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III. Significant accounting policies and estimates (continued)

16. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of non-current assets other than financial assets
The Company assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Development expenditures
Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash flows from the assets, discount rates to be applied and the expected period of benefits.

Deferred tax assets
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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IV. Taxes

The Company is mainly subject to the following taxes and the respective tax rates of theCompany for the current year are as follows:

Value-added tax	–	VAT payable is the difference between VAT output and less deductible VAT input for the current period. VAT output has been calculated by applying a rate of 6% to the taxable value.
Corporate income tax	–	It is levied at 25% on the taxable profit.
Withholding Personal income tax	–	The salaries paid by the company to employees shall be withheld by the companyin accordance with the Tax Law.

V. Notes to key items **of the financial statements**

1. Currency funds

	31 December 2018
Cash at banks	1,658.91

At 31 December 2018, the company had no restricted currency funds.

2. Notes receivable and accounts receivable

	31 December 2018
Accounts receivable	243.83
Less: Provision for bad debts	17.51
	226.32

At 31 December 2018, the company had no restricted accounts receivable. The credit period of accounts receivable is usually 1-3 months. Accounts receivable are not interest- bearing.

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V. Notes to key items of the financial statements **(continued)**

2. Notes receivable and accounts receivable (continued)An ageing analysis of accounts receivable is as follows:

	31 December 2018
Within 1 year	243.83
Less: Provision for bad debts	17.51
	226.32

The movements in provision for bad debts of accounts receivable are as follows:

	Opening balance	Provision	Reversal	Write-off	Closing balance
From 25 January 2018 (date of incorporation) to 31 December 2018	-	17.51			17.51

3. Prepayments

An ageing analysis of prepayments is as follows:

	31 December 2018
Within 1 year	441.95

A classification by nature of prepayments is as follows:

	31 December 2018
Service fee	173.28
Office rental	92.20
Expenditure on hotel decoration andrenovation project	90.43
Others	86.04.
	441.95

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V. Notes to key items of the financial statements (continued)

4. Other receivables

An ageing analysis of other receivables is as follows:

	31 December 2018
Within 1 year	191.03

At 31 December 2018, the company considers that other receivables are within one yearand no provision for bad debts is required.

A classification by nature of other receivables is as follows:

	31 December 2018
Office rental deposit	86.42
Operating hotels deposit	63.18
Computer rental deposit	22.22
Business travel platform deposit	10.10
Others	9.10
	191.03

5. Inventories

	31 December 2018
Using materials	331.04

At 31 December 2018, the company had no restricted inventory.

6. Other current assets

	31 December 2018
Expenditure on decoration and renovation of franchised hotels	1993.49
Input VAT to be credited	160.72
	2,154.21

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V. Notes to key items of the financial statements (continued)

7. Fixed assets

Period from 25 January 2018 (date of incorporation) to 31 December 2018

	Computer Equipment	Office Equipment and Furniture	Total
Cost			
Opening balance			
Purchases	2.94	0.64	3.59
Closing balance	2.94	0.64	3.59
Accumulated depreciation			
Opening balance			
Depreciation provided during the year	0.31	0.01	0.32
Closing balance	0.31	0.01	0.32
Carrying amount			
At end of year	2.63	0.63	3.26
At beginning of year			

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V. Notes to key items of the financial statements (continued)

8. Intangible assets

Period from 25 January 2018 (date of incorporation) to 31 December 2018

	Software from purchase	Software of internal R&D	Total
Cost			
Opening balance			
Purchases	1.28		1.28
Transfers from development expenditures	-	293.64	293.64
Closing balance	1.28	293.64	294.91
Accumulated depreciation			
Opening balance Depreciation provided during the year	0.10	8.16	8.25
Closing balance	0.10	8.16	8.25
Accounting amount			
At end of year	1.18	285.48	286.66
At beginning of year			

9. Development expenditures

Period from 25 January 2018 (date of incorporation) to 31 December 2018

	Opening balance	Increase	Decrease		Closing balance
			Recognised as intangible assets	Included in profit or loss	
Software	-	295.14	293.64	-	1.50

V. Notes to key items **of the financial** statements **(continued)**

10. Long-term prepaid expenses

	31 December 2018
Expenditure on decoration and renovation of direct-operated hotels	17.45

11. Provision for impairment of assets

	Opening balance	Provision for the year	Decrease for the year		Closing balance
			Reversal	Transfer/Write-off	
Provision for bad debts		17.51		-	17.51

12. Employee benefits payable

	From 25 January 2018 (date of incorporation)to 31 December 2018 Amount payable	31 December 2018 Outstanding amount
Salaries, bonuses, allowances andsubsidies	4198.89	452.61
Staff welfare	106.26	1.03
Social security	276.85	56.68
Including: Medical insurance	226.79	46.81
Work injury insurance	10.55	2.05
Maternity insurance	20.59	4.24
Guarantee for the Disabled	18.91	3.58
Housing funds	240.61	49.76
	4822.61	560.09
Defined contribution plan	529.11	105.98
Including: Basic pension insurance	513.72	102.83
Unemployment insurance	15.38	3.15
	5,351.71	666.07

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V. Notes to key items **of the financial** statements **(continued)**

13. Taxes and surcharges payable

	31 December 2018
Individual income tax	45.93
Stamp tax	2.31
	48.24

14. Other payables

An ageing analysis of other payables is as follows:

	31 December 2018
Within 1 year	2,170.04

At 31 December 2018, the company considers that other receivables are within one yearand no provision for bad debts is required.

A classification by nature of other receivables is as follows:

	31 December 2018
Expenditure on hotel decorationand renovation project	887.38
Marketing and advertisement fee	238.88
Recruitment fee	202.39
Outsourcing service fees	186.10
Accured employee reimbursement	143.00
Substituted expense by related parties	133.40
Withholding and paying individual social security and housing fund	105.87
Engineering quality guarantee	65.23
Ohters	208.15
	2,170.40

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V. Notes to key items **of the financial statements (continued)**

15. Paid-in capital

Reqistered capital

	31 December 2018		
	Registered currency	Equivalent to INR	Percentage (%)
OYO Technology and Hospitality (China) PTE. LTD	US$	21,205.14	100

Paid-in capital

	31 December 2018		
	Registered currency	Equivalent to INR	Percentage (%)
OYO Technology and Hospitality (China) PTE. LTD	US$	10,589.37	100

16. Uncompensated losses

	From 25 January 2018 (date of incorporation) to 31 December 2018
Balance at beginning of the current year	
Add: net loss in current period	-7,966.54
Balance at end of the current year	-7,966.54

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V. Notes to key items of the financial statements (continued)

17. Revenue

Revenue is as follows:

	From 25 January 2018 (date of incorporation) to 31 December 2018
Primary business	535.84
Other businesses	35.52
	571.36

Revenue is as follows:

	From 25 January 2018 (date of incorporation) to 31 December 2018
Rendering of services	571.36

18. Finance income

	From 25 January 2018 (date of incorporation) to 31 December 2018
Interest income	-0.36
Foreign exchange differences	-11.04
Others	1.37
	-10.03

19. Impairment losses

	From 25 January 2018 (date of incorporation) to 31 December 2018
Loss from bad debts	17.38

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V. Notes to key items of the financial statements (continued)

20. Loss arising from disposal of assets

	From 25 January 2018 (date of incorporation) to 31 December 2018
Loss arising from disposal of assets	-20.60

21. Non-operating **income**

	From 25 January 2018 (date of incorporation) to 31 December 2018
Others	0.00

22. Non-operating expenses

	From 25 January 2018 (date of incorporation) to 31 December 2018
Termination payments of operating hotelsOthers	35.72
	4.23
	39.95

23. Expenses by nature

The company's operating costs, sales expenses, R&D expenses and management expenses are classified according to their nature as follows:

	From 25 January 2018 (date of incorporation) to 31 December 2018
Employee benefits	5,058.77
Advertising promotion expenditure	761.44
Recruitment fee	581.33
Rental fee	284.87
Depreciation and amortization	274.45
Outsourcing service fees	244.03
Others	1,239.76
	8,444.65

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V. Notes to key items **of the financial statements (continued)**

24. Income tax expenses

	From 25 January 2018 (date of incorporation)to 31 December 2018
Current tax	

The reconciliation between income tax expenses and loss before income taxes is as follows:

	From 25 January 2018 (date of incorporation)to 31 December 2018
Total loss	-7,966.54
Tax at the statutory tax rate (Note 1)	-1,991.63
Expenses not deductible for tax	5.05
Unrecognized deductible loss	1968.58

Note 1: The income tax of the Company has been provided at the applicable rate on theestimated assessable taxable profits arising in Mainland China.

25. Cash flows from operating activities

Reconciliation of net profit to net cash flows from operating activities:

	From 25 January 2018 (date of incorporation) to 31 December 2018
Net loss	-7,966.54
Add: Provisions for asset impairment	17.38
Depreciation of fixed assets	0.32
Amortization of intangible assets	8.19
Amortization of long-term prepaid expenses	0.77
Losses from the disposal of assets	20.60
Finance expenses	-11.04
Increase in inventories	-331.04
Increase in operating receivables	-537.20
Increase in operating payables	2,004.01
FCTR	-59.47
Net cash flows from operating activities	-6858.91

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V. Notes to key items of the financial statements **(continued)**

26. Cash and cash equivalents

	31 December 2018
Cash	
Including: bank deposits on demand	1,658.91

	From 25 January 2018 (date of incorporation) to 31 December 2018
Closing balance of cash	1,658.91
Less: Opening balance of cash	
Net increase in cash and cash equivalents	1,658.91

VI. Financial instruments and related risks

1. Financial instruments by category

Carrying amounts of each category of financial instruments at the balance sheet date are as follows:

31 December 2018

Financial assets

	Loans and receivables
Currency funds	1,658.91
Notes receivable and accounts receivable	226.32
Other receivables	191.03
	2,076.26

Financial liabilities

	Other financial liabilities
Notes payable and accounts payableOther payables	67.17
	2,170.40
	2,237.57

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VI. Financial instruments and related risks (continued)

2. Risks of financial instruments

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Group's policies are summarised below.

Credit risk

The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The Company doesnot have a significant concentration of credit risk.

The maximum exposure to credit risk of the Group's financial assets is equal to the carrying amounts.

For each balance sheet date, the term of each financial asset is analyzed as follows: 31

December 2018

	Total	Not overdue	Overdue		
		Not impaired	Within 1 month	1-3 month	Over 3 month
Notes receivable and accounts receivable	226.32	206.46	4.34	0.55	14.96
Other receivables	191.03	191.03			
	417.34	397.49	4.34	0.55	14.96

At 31 December 2018, notes receivable and accounts receivable and other receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

At 31 December 2018, notes receivable and accounts receivable and other receivables that were past due but not impaired relate to a number of independent customers that havea good track record with the Company. Based on past experience, the Company considers that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral or other credit enhancements over these receivables.

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VI. Financial instruments and related risks **(continued)**

2. Risks of financial instruments (continued)

Liquidity risk

The Company aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Company finances its working capital requirements through a combination of funds generated from operations and other borrowings.

The following table summarizes the maturity analysis of financial liabilities based on non-discounted contract cash flows:

31 December 2018

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes payable and accounts payable	67.17	-	-	-	67.17
Other payables	2,170.40		-	-	2,170.40
	2,237.57		-	-	2,237.57

Market risk

Currency risk

The Company has currency exposures arising from sales or purchases by operating units in currencies other than the units' functional currencies.

At 31 December 2018, if the exchange rate of RMB/USD had weakened/strengthened by 5%, with all other variables held constant, the Group's net profit would have been decreased/(increased) by RMB5,607,003.06.

3. Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for ownersand to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to owners, return capital to owners, issue new shares.

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VI 1. Fair value

Management has assessed currency funds, notes receivable and accounts receivable, other receivables, accounts payable and notes payable, other payables and other similar instruments. Given the short term maturities, the fair values approximate to the carrying values.

VIII. Related party relationships and transactions

1. Definition of related parties

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

The following parties are the related parties of the Company:

(1) Parent of the Company;
(2) Other entities controlled by the immediate holding company;
(3) Other entities controlled by the ultimate holding company;

2. Parent

Name of the parent	Registered address	Nature of business	Proportion of ownership interest in the (%)	Proportion of voting power in the Company (%)Company	Registered capital
OYO Technology and Hospitality (China) PTE. LTD	Singapore	Services	100%	100%	US$601,000,001.00

3. Other related party

	Related party relationships
Oravel Stays Singapore Pte Ltd	Other entities controlled by the ultimate holding company

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VI11. Related party relationships and transactions

4. Balance of receivables and payables with related partiesOther

payables

	31 December 2018
Oravel Stays Singapore Pte Ltd	103.76
OYO Technology and Hospitality (China) PTE. LTD	29.64
	133.40

There is no interest bearing, no mortgage and no fixed repayment period for the payablesto related parties.

IX. Leases As

lessee

Significant operating leases: According to the leases entered into with the lessors, theminimum lease payments under non-cancellable leases are as follows:

	31 December 2018
Within 1 year, inclusive1 to 2 years, inclusive	860.07
2 to 3 years, inclusive	611.58
Over 3 years	518.91
	924.81
	2,915.37

X. Events after the balance sheet date

Up to the date of approval of this financial statement, the company has no events after the balance sheet date that need to be disclosed.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukesh Raj & Co.
Chartered Accountants
ICAI FRN: 016693N

MUKESH RAJ & CO. FRN:016693N DELHI Chartered Accountants

per **Mukesh Goel**
Partner
Membership No. 094837

Place : New Delhi
Date: September 21, 2021

For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd

Rakesh Kumar
Authorised signatory

Place: Gurugram
Date: September 21, 2021