

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISH HOSPITALITY HOLDINGS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Wish Hospitality Holdings Private Limited (the "Company") as set out on pages 6 to 28, which comprise the statement of financial position of the Company as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Revenue recognition and trade and other receivables arising from Branding, Operations and Procurement ("BOP") services

During the financial year, the Company recognised revenue of RMB36,667,000 arising from BOP services. As at 31 December 2020, the Company's trade and other receivables arising from BOP services amounted to RMB135,868,000.

Subsequent to the financial year ended 31 December 2020, the holding company announced that certain BOP outlets of the Company have in January 2021 and February 2021 recently moved their operations entirely to an online platform. The holding company also announced that the Company's subsidiary, Wish Health Management (Shanghai) Co. Ltd. received an amount of RMB100,000,000 which management represented was for the repayment of the Company's outstanding trade and other receivables arising from BOP services. In the process of confirming with the bank on this receipt, we were made aware that there is an existing encumbrance on the amount of RMB100,000,000.

We are unable to obtain sufficient appropriate audit evidence and supporting documentation to satisfy ourselves or carry out alternative procedures to conclude whether the amount received of RMB100,000,000 represents collections from the Company's customers for the trade and other receivables outstanding at 31 December 2020. We are also unable to satisfy ourselves as to whether there would be any implications arising from the encumbrance on the RMB100,000,000 including any potential recourse to the Company with respect to the receipt. Accordingly, we are unable to conclude whether any allowance for expected credit losses are required for the Company's trade and other receivables arising from BOP services amounted to RMB135,868,000 as at 31 December 2020.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISH HOSPITALITY HOLDINGS PRIVATE LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

We are unable to conclude whether the BOP services contracts meet the criteria in accordance to FRS 115 *Revenue from Contracts with Customers*, that it is probable that the Company will be able to collect an amount of consideration in exchange of services, for revenue recognised during the financial year. We are also unable to satisfy ourselves that certain BOP outlets have only moved their operations entirely to an online platform in 2021 and not during 2020 and that such a move of operations will have no impact to revenue recognised by the Company from the BOP services contracts for the financial year ended 31 December 2020, in view that the Company's revenue recognised from BOP services relates to agreements signed with customers for BOP services provided to customers operating out of physical outlets. Accordingly, we are not able to determine if any adjustments are required to the revenue recognised during the financial year ended 31 December 2020.

Appropriateness of going concern assumption

Current assets of the Company include trade and other receivables which is a matter included in the *Basis for Disclaimer of Opinion* section in this report. In the event that an allowance for expected credit losses are required for the trade and other receivables, this may have impact on the net current asset and net asset position of the Company.

This factor indicates the existence of material uncertainties which may cast significant doubt about the ability of the Company to continue as a going concern and therefore it may not be able to release their assets and discharge their liabilities in the ordinary course of business.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which it is currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that might arise and to reclassify non-current asset as current asset. No such adjustments have been made to the financial statements.

We are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements. Consequently, we are unable to determine whether any adjustments to the accompanying financial statements might be necessary in respect of these matters.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WISH HOSPITALITY HOLDINGS PRIVATE LIMITED (cont'd)**

Responsibilities of Management and Directors for the Financial Statements (cont'd)

In preparing the 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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the accompanying financial statements in accordance with Singapore Standards on Auditing and to issue an independent auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

16 September 2021