

**DESIGN STUDIO GROUP LTD.**  
(Incorporated in the Republic of Singapore)  
(Co. Reg. No.: 199401553D)

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**RESPONSE TO QUERIES FROM SGX-ST IN RELATION TO COMPANY'S ANNOUNCEMENT ON 20 AUGUST 2019 IN RELATION TO SGX QUERIES**

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The Board of Directors of Design Studio Group Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the below queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and wishes to provide its response as follows:

**SGX Query**

We refer to Design Studio Group/ the Company's announcement dated 20 August 2019 titled "Response to SGX Queries". The following responses remain outstanding:

1. In SGX Query 2, SGX RegCo noted that as at 30 June 2019 (1H2019), trade and other receivables amounted to \$45.4 million as compared to \$51.4 million six months earlier, on 31 December 2018. The Company was asked to:
  - a. Explain why almost all of the Company's 1H2019 trade and other receivables remains uncollected;
  - b. Disclose whether the customers have problems paying; and
  - c. If so, what are the risks of the trade and other receivables becoming uncollectable.

The information was not disclosed. Please disclose accordingly.

**Company's Response**

- a. Of the trade and other receivables of \$51.4 million as at 31 December 2018, \$26.0 million has been collected during 1H2019; net new receivables of \$22.4 million have been added during 1H2019 and \$2.4 million has been impaired in 2Q2019 which resulted in a net balance of \$45.4 million as at 30 June 2019.
- b. The Group assesses its credit exposure on a continuous basis. The Group provides impairment loss where significant increase in credit risk has been identified for specific receivable from time to time. In assessing the credit risk, the Group has considered factors such as the probability of insolvency or significant financial difficulties of the debtor, default or significant delay in payments and outcome of negotiations with customers. Following the credit assessment, trade and other receivables of \$2.4 million have been specifically impaired in 2Q2019.
- c. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group trades only with recognised and creditworthy customers. In addition, receivables are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

By Order of the Board

Hazel Chia  
Company Secretary

26 August 2019