

## DESIGN STUDIO GROUP LTD.

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199401553D)

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### UPDATE ON THE RESTRUCTURING EXERCISE

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Design Studio Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) provides the shareholders of the Company with the following update on the Company’s progress in respect of the restructuring exercise (“**Restructuring Exercise**”).

#### *Impact of Covid Pandemic*

The outbreak of the Covid-19 pandemic and its impact globally has caused disruption to the Group’s business and restructuring process. Despite the uncertain and extraordinarily challenging market conditions, the Group has been using its best efforts to (i) carry on the operations of the Group while taking steps to restructure and rationalise the Group’s operations to reduce costs and to sell non-core assets; (ii) formulate, negotiate and finalise a restructuring scheme across the multiple jurisdictions that the Group operates in; (iii) obtain financing and investments; and (iv) carry out the restructuring process.

#### *Extension of Singapore moratoriums*

The Company and five of its Singapore-incorporated subsidiaries being Design Studio Asia Pte. Ltd., Design Studio (China) Pte. Ltd., DSG Asia Holdings Pte. Ltd., DSG Manufacturing Singapore Pte. Ltd., and DSG Projects Singapore Pte. Ltd. (together, the “**Singapore Applicants**”) were previously granted moratoriums against enforcement actions and legal proceedings by creditors against the Singapore Applicants pursuant to section 211B of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”) of up to 8 May 2020. The Board would like to inform shareholders that a 4 month extension of these moratoriums of up to 2 October 2020 has been granted by the Singapore Court to the Singapore Applicants.

#### *Extension of Malaysia moratoriums*

On 20 January 2020, three of the Company’s wholly-owned Malaysia incorporated subsidiaries, being DS Project Management Sdn Bhd, DSG Manufacturing Malaysia Sdn Bhd and DSG Projects Malaysia Sdn Bhd (together, the “**Malaysia Applicants**”) made applications to the Malaysia Courts to be placed under judicial management of a judicial manager under section 405 of the Companies Act 2016 of Malaysia (the “**Malaysia Companies Act**”). Pursuant to section 410 of the Malaysia Companies Act, the Malaysia Applicants continue to be subject to a moratorium on creditor enforcement until the grant of judicial management orders or the dismissal of the Malaysia Applications. The next case management hearings in relation to the Malaysia Applicants are scheduled to be heard in the Malaysia Courts of Shah Alam on 24 June 2020 and Johor Bahru on 17 August 2020.

#### *Court approval of rescue financing*

In order to improve the Group’s liquidity position, the Group engaged an independent financial services firm to approach the market and identify potential lenders with experience lending to distressed companies that would be willing to offer financing to the Group to procure super priority rescue financing pursuant to section 211E(1)(b) of the Companies Act. These discussions were complicated by the Group’s financial position and lack of substantive assets available to secure the

financing. Following these discussions, the Group elected to progress its discussions with an associate of its controlling shareholder, Depa United Group PJSC (“**Depa United Group**”) and an existing creditor of the Group, The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) in relation to the proposed rescue financing (the “**Rescue Financing**”), and made an application to the Singapore Court for super priority to be conferred on the proposed Rescue Financing pursuant to section 211E(1)(b) of the Companies Act.

On 28 May 2020, DSG Projects Singapore Pte. Ltd. (“**DSGP**”), a wholly owned operating subsidiary of the Company, was granted an order by the Singapore Court for super priority to be conferred on the proposed Rescue Financing. Accordingly, in the event DSGP is wound up, the Rescue Financing obtained by DSGP shall have priority over the preferential debts specified in section 328(1)(a) to (g) of the Companies Act, and all other unsecured debts.

The proposed Rescue Financing shall comprise two separate financing facilities (“**Facilities**”) to be granted by Depa United Group and HSBC to the Group as follows:

- (a) Depa United Group will provide a single-drawdown term loan facility of up to S\$12.08 million (the “**Depa Facility**”); and
- (b) HSBC will provide a multi-drawdown banking facility of up to S\$50 million.

Each facility will be subject to terms and conditions contained in definitive financing documents to be entered into by DSGP with each of Depa United Group and HSBC. The Group is in the process of negotiating the terms of the definitive facility documents.

The Facilities, when granted, will provide the Group with approximately S\$2.7 million of new working capital, as well as various financial instruments required under the Group’s project contracts (including performance bonds, advance payment guarantees and other trade facilities) in order to continue operating, pending the completion of the Restructuring Exercise.

The Company will make further announcements in accordance with the Chapter 9 of the Listing Rules when definitive financing documents in relation to the Depa Facility are entered into.

#### *Scheme of Arrangement*

Given the multi-jurisdictional and cross-border nature of the Group, any restructuring scheme or proposal would have to cover the Group’s various subsidiaries in these jurisdictions. Efforts to coordinate discussions on the restructuring scheme with key stakeholders (including creditors, clients, suppliers and financiers) have been complicated by the social distancing measures implemented in countries across the region. Notwithstanding these difficulties, the Company has made significant progress on formulating a restructuring scheme, and hopes to be in a position to hold meetings with the Group’s creditors to discuss the indicative terms of a restructuring scheme over the coming months.

#### *Further Updates*

The Company will continue to keep its stakeholders updated and will make the appropriate announcements as and when there are any material updates or developments. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when dealing in the Company’s securities. Shareholders and potential investors who are in doubt as to the action they

should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Steven James Salo  
Executive Director and Interim Chief Executive Officer

15 June 2020