

DESIGN STUDIO GROUP LTD.

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 199401553D)

ENTRY INTO UNSECURED LOAN AGREEMENT

1. Introduction

The Board of Directors (the “Board”) of Design Studio Group Ltd. (the “Company” and together with its subsidiaries, the “Group”) is pleased to announce that the Company has on 29 November 2019 entered into a loan agreement with Depa United Group PJSC (“Depa”), the Group’s controlling shareholder, for an unsecured loan of up to an aggregate amount of AED 20 million (approximately S\$7.4 million) (“Loan”) to be provided to the Group.

2. Rationale and principal terms of the Loan

The Loan is provided by Depa to the Group for working capital requirement to support its ongoing operations. The terms and conditions of the Loan were negotiated and agreed upon by the parties on an arm’s length basis.

The interest on the Loan is at the rate of 3 months EIBOR (Emirates Interbank Offered Rate) plus 5.5% per annum and shall be repayable within two years from the date of the first drawn down or as may be mutually agreed between the parties, or upon default by the Company of the terms and conditions of the Loan.

In connection with the Loan, the Company is also required to approve a business plan and restructuring strategy, including the appointment of a Chief Restructuring Officer and the transfer of executive leadership of the Company to a nominee of Depa or candidate sourced by Depa, on terms approved by the Company and Depa.

3. Interested person transaction which does not require shareholders’ approval

Depa is a controlling shareholder of the Company, and accordingly is an “interested person” for the purposes of Chapter 9 of the Listing Manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“Exchange”).

As at the date of this announcement, the aggregate value of all interested person transactions entered between the Company and Depa (including the subject of this announcement) is less than 3% of the Group’s latest audited net tangible assets as at 31 December 2018 (i.e. S\$62,540,000). In view of the foregoing, shareholders’ approval for the Loan is not required under the Listing Manual. Nonetheless, the Company is disclosing the Loan in compliance with its continuing obligations and the Exchange’s corporate disclosure policy under the Listing Manual.

The Board and the Audit Committee of the Company are of the view that the grant of the Loan by Depa is on normal commercial terms and in the best interest of the Company, and is not prejudicial to the interests of the Company and its minority shareholders as it will, *inter alia*, improve the cash flow situation of the Company.

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction other than through their shareholdings in the Company.

By Order of the Board

Hazel Chia
Company Secretary

4 December 2019