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

UPDATE ON RESTRUCTURING EXERCISE

The board of directors (the "**Board**") of Design Studio Group Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcements dated:

(a) 20 January 2021 in relation to the approval of the six (6) creditor schemes of arrangement in Singapore and three (3) creditor schemes of arrangement Malaysia (together, the "**Original Creditor Schemes**") by the requisite majorities of creditors (the "**Scheme Announcement**"); and

(b) 30 March 2021 in relation to the extension of the Singapore Moratorium until 31 May 2021.

Unless otherwise defined in this announcement, capitalised terms shall have the meanings given in the Scheme Announcement.

Update on the Restructuring Process

After the Original Creditor Schemes were approved in their respective creditor scheme meetings, the Group received consistent objections from a dissenting creditor in relation to the terms of the Original Schemes. Following lengthy deliberation and taking into consideration the best interests of all creditors and stakeholders of the Group, it was considered that:

(a) significant costs would need to be unnecessarily incurred by the Group in order to defend against the dissenting creditor's objections, which the Group does not have at its disposal in light of its limited financial resources;

(b) the use of the Group's limited resources to defend against dissenting creditor's objections would reduce the potential returns available for distribution to its creditors and risk the funds currently ring-fenced for distribution to creditors for settlement under the Original Creditor Schemes, as well as the funds available for the working capital of the Group;

(c) the nine (9) Original Creditor Schemes were inter-conditional and accordingly, if the dissenting creditor's objection resulted in one or more of the Original Creditor Schemes not being sanctioned by the relevant Courts, none of the Original Creditor Schemes would be sanctioned, in which case the Group would likely face insolvent liquidation resulting in the cessation of the entire Group's business and operations, unemployment of its more than 400 employees, and the shareholders of the Company receiving no returns;

(d) similarly, if the dissenting creditor's objection resulted in the Original Creditor Schemes not being sanctioned, it is expected that the rescue finance would be terminated; and

(e) if the Group is not successfully restructured, it would be unable to access the performance bonds and liquidity needed to secure new work in the short term, which would materially and adversely affect the Group's ability to continue as a going concern.

On balance, in light of the risks identified above, the Group decided that it would be more prudent to instead utilise the limited resources of the Group to implement an alternative solution, which would provide the Group's creditors with returns equivalent to the returns contemplated under the Original Creditor Schemes, in order to maximise the likelihood of success of the Restructuring Exercise.

The Group accordingly decided not to proceed with applying to the Singapore and Malaysia Courts for sanction of the Original Creditor Schemes, and instead proposed a new consolidated pre-pack scheme of arrangement (the "**New Creditor Scheme**") pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**") through its subsidiary, DSG Asia Holdings Pte Ltd, which consolidated the nine (9) Original Creditor Schemes.

The New Creditor Scheme was approved by the requisite statutory majority of the creditors following a successful vote solicitation process, after which the Group applied to the High Court of Singapore for the New Creditor Scheme to be sanctioned. On 27 May 2021, the High Court of Singapore heard the application and adjourned the hearing for sanction of the New Creditor Scheme and extended the Singapore Moratorium until 23 July 2021.

Update on Operations

Since the commencement of the Restructuring Exercise, the Group has focused its resources on implementing an arrangement to achieve a compromise with the Group's creditors in Singapore and Malaysia, and to continue operating its business as a going concern to save the jobs of its employees. As at the date of this announcement, the Group continues to work on various interior fit-out projects for clients.

In order to rehabilitate of the Group's operations, the Group has sought to reduce operating costs, centralise cash management, and to dispose of non-core and loss-making operations by disposing of its China business unit in order to focus on its core markets.

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

9 June 2021