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

## CALL ON ADVANCE PAYMENT GUARANTEE

The board of directors (the "**Board**") of Design Studio Group Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiaries, DSG Projects Singapore Pte Ltd ("**DSGPS**") and DSG Projects Myanmar Ltd ("**DSGM**"), have received notifications from The Hongkong and Shanghai Banking Corporation ("**HSBC**") that claims were made by Peninsula Yangon Limited ("**Peninsula**") against the guarantees issued by HSBC (the "**Advance Payment Guarantees**").

The Advance Payment Guarantees were issued to secure the advance payments provided by Peninsula Yangon Limited ("**Peninsula**") to DSGPS and DSGM pursuant to the contracts for the services provided by DSGPS and DSGM in connection with the development of 'The Peninsula Yangon' (the "**Contracts**"). Pursuant to the Contracts, advance payment of the amount of US$3,150,000 was paid by Peninsula to DSGPS and DSGPM (the "**Advance Payment**"). The Advance Payment was thus treated as an interest-free loan, and would be repaid in instalments by way of a deduction against the amounts due from Peninsula in accordance with the Contracts. The Contracts also provided that the Advance Payment will become repayable upon termination of the Contracts.

On 31 May 2021, Peninsula purported to make a demand on the Advance Payment Guarantees on the basis that the Contracts had been purportedly terminated on 28 April 2021 as a result of the disruptions brought about by the 2021 military coup in Myanmar. The demand was immediately identified by the Group to be defective as there were no grounds for such a demand being made. Accordingly, on 9 June 2021, DSGPS and DSGM made an application with the General Division of the High Court of Singapore to injunct the demand made on 31 May 2021. The injunction application was successful and the claims against the Advance Payment Guarantees were restrained.

Subsequently, on 15 July 2021, Peninsula terminated the Contracts for convenience, which entitled DSGPS and DSGM to claim for all payments due in respect of the services rendered by DSGPS pursuant to the Contracts. On or around 28 September 2021, DSGPS and DSGM received notification from HSBC that Peninsula had made a demand on the Advance Payment Guarantees. On or around 6 October 2021, DSGPS and DSGM informed the bank that no injunction would be sought. HSBC has since made a payment in line with the demand on the Advance Payment Guarantees of approximately US$3 million.

The Board 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

27 October 2021