

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

RESPONSE TO QUERIES FROM SGX-ST IN RELATION TO COMPANY'S UNAUDITED 3Q2019 FINANCIAL STATEMENTS ANNOUNCEMENT ON 14 NOVEMBER 2019

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 Ltd's / the Company's unaudited financial statements for the 3rd quarter ended 30 September 2019 ("3Q2019") filed on 14 November 2019.

1. "Other receivables and deposits" increased from \$10.1 million on 31 Dec 2018, to \$19.5 million as at 30 Sep 2019.
 - a. Please provide a breakdown of these "other receivables and deposits";
 - b. Disclose and explain what led to the increase in other receivables and deposits of \$9.34million when revenue fell by 41.7% for 3Q2019.

Company's Response

- a. The breakdown of other receivables and deposits is shown below:

	Group	
	30.09.2019	31.12.2018
	S\$'000	S\$'000
Deposits	3,148	4,061
Advance to Suppliers & Sub-contractors	14,574	5,457
Sundry Debtors	1,149	524
Withholding Tax Recoverable	600	82
	19,471	10,124
Less: Loss allowances	(486)	-
Total other receivables and deposits	18,985	10,124

Other receivables and deposits increased by S\$9.4 million from \$10.1 million to \$19.5 million as at 30 September 2019. This was mainly due to higher advance payments made to suppliers and subcontractors in the current period which increased by S\$9.1 million from S\$5.5 million as at 31 December 2018 to S\$14.6 million as at 30 September 2019.

- b. The Group has an outstanding order book of approximately S\$163 million as at 30 September 2019. The increase in advance payments and deposits made to suppliers and subcontractors are for the purpose of procurement of materials and services required for the ongoing projects' operations.

By Order of the Board

Hazel Chia
Company Secretary

6 December 2019