DESIGN STUDIO GROUP LTD

(Incorporated in the Republic of Singapore)

Directors:

Ms Tan Siok Chin (Non-Executive Chairman)
Mr Bernard Lim Leng Foo (Chief Executive Officer)
Ms Kelly Ng Chai Choey (Executive Director)
Mr Muhammad Umar Saleem (Non-Executive Director)
Mr Mhd.Nadim Akhras (Non-Executive Director)
Mr Ong Tiew Siam (Independent Director)

Registered Office:

8 Sungei Kadut Crescent
Singapore 728682

7 April 2015

To: The Shareholders of Design Studio Group Ltd

Dear Sir/Madam

APPENDIX RELATING TO THE PROPOSED CHANGE OF AUDITORS

DEFINITIONS

For the purpose of this Appendix, the following definitions apply throughout unless the context otherwise requires or is otherwise stated:

"Act" or "Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"AGM"	:	Annual General Meeting of the Company
"Articles of Association"	:	The articles of association or other regulations of the Company for the time being in force as originally framed, or as amended from time to time
"Audit Committee"	:	The audit committee of the Company, comprising Messrs Ong Tiew Siam, Muhammad Umar Saleem and Tan Siok Chin
"Auditors"	:	The auditors of the Company for the time being
"Board"	:	The Board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Design Studio Group Ltd
"Director"	:	A person holding office as a director of the Company as at the date of this Appendix
"D&T"	:	Deloitte & Touche LLP
"EY"	:	Ernst & Young LLP
"Group"	:	The Company and its subsidiaries
"Listing Manual"	:	The listing manual of SGX-ST, as amended or modified from time to time
"Proposed Change of Auditors"	:	The proposed change of auditors of the Company from Deloitte & Touche LLP to Ernst & Young LLP

"Proxy Form"	:	The proxy form in respect of the AGM as set out in the Annual Report
"Resolution"	:	The ordinary resolution relating to the Proposed Change of Auditors as set out in the Notice of AGM
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Persons who are for the time being registered as holders of the shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares

The terms **"Depositor", "Depository Agent"** and **"Depository Register"** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa.* References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time.

THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

1.1 The Directors of the Company propose to seek the approval of the Shareholders for the Proposed Change of Auditors at the Annual General Meeting ("AGM") to be held on 23 April 2015.

1.2 The purpose of this Appendix is to provide the Shareholders with information relating to the Proposed Change of Auditors to be tabled at the AGM. The notice of AGM is set out on pages 93 to 95 of the Annual Report.

1.3 The SGX-ST assumes no responsibility for the correctness of any statements or opinions made in this Appendix.

2. THE PROPOSED CHANGE OF AUDITORS

The Company's existing auditors, D&T, have been auditors of the Group since the financial year ended 31 December 2011.

The Company has received a letter of nomination from Depa Interiors LLC proposing to engage the same firm of auditors for the Group in order to streamline the Group's audit efficiencies and financial management process.

Accordingly, the Company will not be re-appointing D&T as Auditors when their term of office ends at the coming AGM. Instead, the Company will seek the approval of Shareholders at the AGM for the appointment of EY, the present auditors of the Controlling Shareholder, Depa Interiors LLC as Auditors in place of D&T at a fee to be agreed between the Directors and EY. EY has given their written consent to the Company to be appointed as Auditors, and its appointment will take effect upon the approval of Shareholders being obtained.

The Directors and the Audit Committee have considered various factors, including the adequacy of the resources of EY, their experience and audit engagements, the number and experience of the supervisory and professional staff who will be assigned to the audit of the consolidated accounts and EY's proposed audit arrangements for the Company, and are of the opinion that EY will be able to meet the audit requirements of the Company and the Group and that Rule 712 of the Listing Manual has been complied with.

D&T has confirmed to EY that it is not aware of any professional reasons why EY should not accept appointment as auditors of the Company. The Directors have obtained the written consent from EY on 24 March 2015 to act as Auditors in place of D&T for the financial year ending 2015, subject to the approval of the Shareholders at the AGM.

In compliance with Rule 1203(5), the Company confirms that:

i) There were no disagreements with D&T on accounting treatments within the last twelve (12) months;

ii) The Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders of the Company; and

iii) The proposed change of auditors is to engage the same firm of auditors for the Group in order to streamline the Group's audit efficiencies and financial management process. The Company has received a Letter of Nomination from the Controlling Shareholder nominating EY as auditors in place of D&T who has been auditors since financial year ended 31 December 2011.

3. AUDIT COMMITTEE'S STATEMENT

The Proposed Change of Auditors has been reviewed and recommended by the Audit Committee.

4. DIRECTORS' RECOMMENDATION

Having fully considered the rationale and benefit of the Proposed Change of Auditors, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution to be proposed at the AGM to be held on 23 April 2015.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where the Appendix contains a profit forecast, the directors are satisfied that the profit forecast has been stated after due and careful enquiry.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or, reproduced in this Appendix in its proper form and context.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 93 to 95 of the Annual Report, will be held at Registered Office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 on 23 April 2015 at 10.30 a.m. for the purpose of considering and, if thought fit, passing, the Ordinary Resolutions set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 **Lodgement of Proxies.** A Shareholder who is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the Proxy Form (attached to Annual Report) in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the Registered Office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 not less than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of the proxy if he so wishes.

7.2 **Depositors.** A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP as at 48 hours before the AGM.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the Registered Office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 during business hours from the date hereof up to and including the date of the AGM:

(a) the Memorandum and Articles of Association of the Company;

(b) D&T's professional clearance letter to EY;

(c) the letter of consent to act as Auditors from EY; and

(d) Letter of Nomination from Depa Interiors LLC nominating the appointment of EY as Auditors in place of D&T

Yours faithfully
For and on behalf of the Board of Directors of
Design Studio Group Ltd

Bernard Lim Leng Foo
Chief Executive Officer