

ADDENDUM TO NOTICE OF 2017 ANNUAL GENERAL MEETING DATED 3 APRIL 2017

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Design Studio Group Ltd. (the “**Company**”), please forward this Addendum with the Notice of 2017 Annual General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Addendum.



DESIGN STUDIO GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199401553D)

ADDENDUM TO NOTICE OF 2017 ANNUAL GENERAL MEETING

in relation to

THE PROPOSED CHANGE OF AUDITORS

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	Tuesday, 18 April 2017 at 10.30 a.m.
Date and time of Annual General Meeting	:	Thursday, 20 April 2017 at 10.30 a.m.
Place of Annual General Meeting	:	8 Sungei Kadut Crescent, Singapore 728682

DESIGN STUDIO GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199401553D)

Board of Directors:-

Ms Tan Siok Chin (Non-Executive Chairman)
Mr Edgar Ramani (Director & Chief Executive Officer)
Mr Hamish Gordon Tyrwhitt (Non-Executive Director)
Mr Roderick David Maciver (Non-Executive Director)
Mr Ong Tiew Siam (Independent Director)

Registered Office:-

8 Sungei Kadut Crescent
Singapore 728682

3 April 2017

To: The Shareholders of Design Studio Group Ltd.

Dear Sir/Madam

ADDENDUM TO THE NOTICE OF 2017 ANNUAL GENERAL MEETING IN RELATION TO THE PROPOSED CHANGE OF AUDITORS

DEFINITIONS

“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
“Audit Committee”	:	The audit committee of the Company, comprising Mr Ong Tiew Siam (Chairman), Ms Tan Siok Chin and Mr Hamish Gordon Tyrwhitt
“Auditors”	:	The auditors of the Company for the time being
“Board”	:	The board of directors of the Company as at the date of this Addendum
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Design Studio Group Ltd.
“Director”	:	A director of the Company as at the date of this Addendum
“EY”	:	Ernst & Young LLP
“FY”	:	Financial year ending or ended 31 December
“Group”	:	The Company and its subsidiaries
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, varied or supplemented from time to time
“Proposed Change of Auditors”	:	PwC to be appointed as auditors of the Company in place of the retiring auditors of the Company, EY
“Proxy Form”	:	The proxy form in respect of the AGM as set out in the Annual Report

“PwC”	:	PricewaterhouseCoopers LLP (Singapore)
“Resolution”	:	The ordinary resolution relating to the Proposed Change of Auditors as set out in the Notice of AGM
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include securities sub-accounts maintained with a Depository Agent
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, where the context admits, mean the Depositors in the Depository Register maintained by the CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Issued ordinary shares in the capital of the Company

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 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, where applicable, include corporations.

Any reference in this Addendum 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, the SFA or the Listing Manual or any statutory modification thereof and used in this Addendum shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA or the Listing Manual or such statutory modification thereof, as the case may be, unless the context requires otherwise.

Any reference to a time of day in this Addendum shall be a reference to Singapore time, unless otherwise stated.

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 AGM to be held on 20 April 2017.
- 1.2 The purpose of this Addendum is to provide the Shareholders with information relating to the Proposed Change of Auditors to be tabled at the AGM.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any statements or opinions made in this Addendum.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Reasons for the Proposed Change of Auditors

On 17 January 2017, Depa Interiors LLC, the controlling shareholder of the Company, notified the Company in writing of its intention to nominate PwC as auditors of the Company in order to streamline the Group's audit efficiencies and financial management process.

The PwC group of auditors are the current auditors for the Depa group of companies. Depa Interiors LLC is the controlling shareholder of the Company, holding 89.81% of the Company's issued share capital. Thus, as one of the subsidiaries in the Depa group of companies, having the same auditors will facilitate the auditing process in terms of time, costs and ease of conducting the audit for the Company and the Depa group of companies as a whole, thereby streamlining the audit process.

Further, PwC will be well-placed, given its enlarged perspective of the Group's reporting environment and processes, to provide potential suggestions for improvement and coordination of the Group's audit efficiencies and financial management processes.

In view of the above, the Company's existing auditors, EY, will retire and not seek re-appointment at the Company's 2017 AGM. Accordingly, EY will retire from office as the Company's auditors on the expiry of their term of office on 20 April 2017. EY have been auditors of the Company since the FY2015.

Having reviewed the credentials and services provided by PwC, the Board, with the concurrence of the Audit Committee, recommended the appointment of PwC as the new auditors of the Company. Additionally, the Board had also used the Audit Quality Indicators Disclosure Framework in selecting PwC for appointment and found that PwC has excellent standards of compliance with both internal and external regulatory inspections, independence, staff oversight and quality control; thus, the Board is of the view that PwC will be able to meet the audit requirements of the Company.

PwC had on 17 March 2017 given its written consent to act as auditors of the Company, subject to the approval of Shareholders. PwC's appointment will take effect upon approval of Shareholders at the 2017 AGM. If approved, PwC will hold office until the conclusion of the next AGM.

The proposed remuneration of PwC for FY2017 is estimated to be approximately S\$329,000 excluding disbursements and applicable taxes. PwC arrived at their fee estimate after taking into consideration the full scope of work to be undertaken in compliance with the International Standards on Auditing and International Financial Reporting Standards in order to properly discharge their duties as auditors of the Company.

2.2 Information about PwC

The information relating to PwC provided below was provided to the Company by PwC and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

(a) About PwC

With more than 2,600 staff, including over 100 partners, PwC is a leading professional services firm in Singapore. PwC provides a wide range of services to help organisations solve business issues, and identify and maximise opportunities. Globally, PwC has a network of firms in 157 countries with more than 223,000 people. Their highly qualified and experienced professionals, in Singapore and throughout the globe, allow them to provide the support their clients need wherever they may be located.

For more information on PwC, please visit www.pwc.com/sg.

(b) About the Audit Engagement Partner

The PwC team will be led by Ms Chua Lay See who has more than twenty (20) years of experience and has been actively involved in planning, executing, and managing audits of companies, both local and multinationals, in the manufacturing, real estate, retail, hospitality, construction, technology, and trading industries. Her past and present clients include companies listed on the SGX-ST and Singapore-based operations of US, UK, Taiwan and Japanese multinationals with regional presence in PRC, Hong Kong, India, Australia, Thailand, Indonesia and Malaysia.

Although Ms Chua Lay See has not previously been inspected under the Practice Monitoring Programme, her last internal inspection was in 2014 and the results were found to be compliant. On a whole, the Audit Committee is satisfied with the experience of Ms Chua Lay See.

2.3 Requirements under Rules 712, 715 and 716 of the Listing Manual

The Board having taken into account the recommendation of the Audit Committee, and having considered various factors, including *inter alia*, the following:-

- (a) the adequacy of the resources and experience of PwC and professional staff assigned to the audit;
- (b) PwC's other audit engagements which as of 31 December 2016 comprise 69 companies listed on the SGX-ST;
- (c) that PwC has informed the Company that they will perform their audit in accordance with International Standards of Auditing which requires the identification and addressing of audit risks. The Company further understands that the audit by PwC will substantially be based on a substantive test of details in respect of the audit risks identified;
- (d) the number and experience of the supervisory and professional staff who will be assigned to the audit of the consolidated financial statements of the Company and the Group; and
- (e) PwC's proposed audit arrangements for the Group,

are of the opinion that PwC has the relevant experience and expertise to meet the audit requirements of the Company and the Group under Rule 712 of the Listing Manual.

In compliance with Rules 715 and 716 of the Listing Manual, the Group's subsidiaries are also intending to change their respective auditors to PwC, save for the exceptions listed in the table below:

Name of Subsidiary	Principal activities/country of incorporation and operation	Current Auditors
D S Interior Decoration (Middle East) LLC	Dormant and in liquidation (United Arab Emirates)	N/A
Design Studio Furniture (Shanghai) Co., Ltd	Dormant and in liquidation (People's Republic of China)	N/A
DS Interior Contracts & Renovation (Shanghai) Co., Ltd	Dormant and in liquidation (People's Republic of China)	N/A
DDS Contracts & Interior Solutions (Thailand) Co., Ltd*	Interior fitting-out and furnishing solutions (Thailand)	Chatchawat Auditing & Tax Co., Ltd
DDS Contracts & Interior Solutions (Vietnam) Co., Ltd*	Interior fitting-out and furnishing solutions (Vietnam)	Not required to present audited financial statements under the laws of its country of incorporation and considered not material to the Group.

* DDS Contracts & Interior Solutions (Thailand) Co., Ltd and DDS Contracts & Interior Solutions (Vietnam) Co., Ltd are foreign subsidiaries which are not considered significant to the Company as their respective net tangible assets do not represent 20% or more of the issuer's consolidated net tangible assets, nor do their respective pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits, as provided for in Rule 718 of the Listing Manual.

With respect to the exceptions listed above, the Board is of the opinion that the appointment of PwC would not compromise the standard and effectiveness of the audit of the Company.

2.4 Confirmation from the Company pursuant to Rule 1203(5) of the Listing Manual

In compliance with Rule 1203(5) of the Listing Manual, the Company confirms that:-

- (a) EY has confirmed to PwC by way of their letter dated 16 March 2017 that it is not aware of any professional reasons why PwC should not accept appointment as auditors of the Company. The Board has also obtained the written consent from PwC on 17 March 2017 to act as auditors of the Company, subject to the approval of Shareholders at the AGM;
- (b) There were no disagreements with EY on accounting treatments within the last 12 months;
- (c) The Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders;
- (d) On 17 January 2017, Depa Interiors LLC, the controlling shareholder of the Company, notified the Company in writing of its intention to nominate PwC as auditors of the Company. 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. EY has therefore declined to stand for re-election; and
- (e) The Company complies with Rules 712, 715 and 716 of the Listing Manual in relation to the appointment of PwC as auditors of the Company.

3. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommended the same for approval by the Board after taking into consideration the suitability of PwC and compliance with the requirements of the Listing Manual.

4. DIRECTORS' RECOMMENDATION

The Directors, having taken into account the Audit Committee's recommendation and fully considered the rationale and benefit of the Proposed Change of Auditors and the suitability of PwC, 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 Resolution to be proposed at the 2017 AGM as set out in the Notice of AGM on page 104 of the Annual Report.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all the reasonable enquiries that, to the best of their knowledge and belief, this Addendum 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 Addendum misleading. Where information in the Addendum 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 Addendum in its proper form and context.

6. ANNUAL GENERAL MEETING

The 2017 AGM, notice of which is set out on pages 104 to 108 of the Annual Report, will be held at Registered Office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 on 20 April 2017 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 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 2017 AGM. Completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2017 AGM in place of the proxy if he so wishes.
- 7.2 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 72 hours before the 2017 AGM.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 during business hours from the date of this Addendum up to the date of the AGM:

- (a) EY's professional clearance letter to PwC dated 16 March 2017;
- (b) The letter of consent to act as Auditors from PwC dated 17 March 2017; and
- (c) Letter of Nomination from Depa Interiors LLC nominating the appointment of PwC as Auditors in place of EY dated 17 January 2017.

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

Tan Siok Chin
Non-Executive Chairman