

DESIGN STUDIO GROUP LTD

(Company Registration No. 199401553D
(Incorporated in the Republic of Singapore))

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **DESIGN STUDIO GROUP LTD** (previously known as "Design Studio Furniture Manufacturer Ltd") (the "Company") will be held at the registered office, 8 Sungei Kadut Crescent, Singapore 728682 on Thursday 24 April 2014 at 10.30 a.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the year ended 31 December 2013 and the Auditors' Report thereon. [Resolution No. 1]
2. To re-elect the following directors who are retiring under the Company's Articles of Association:
Rotation under the Article 102 of the Articles of Association: -
 - i) Bernard Lim Leng Foo [Resolution No. 2]
 - ii) Tan Siok Chin [Resolution No. 3]
3. To approve the payment of additional directors' fee of S\$14,000 for the year ended 31 December 2013; and directors' fees of S\$310,000 for the year ending 31 December 2014, to be paid quarterly in arrears. (2013: S\$338,125) [Resolution No. 4]
4. To approve the payment of a final dividend of 1.00 cent per ordinary share and a special dividend of 5.00 cents per ordinary share for the year ended 31 December 2013. [Resolution No. 5]
5. To re-appoint Deloitte & Touche LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company, and that the Directors be authorized to fix their remuneration. [Resolution No. 6]

As Special Business:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **"THAT** pursuant to Section 161 of the Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); (b) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively Instruments) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (d) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) to issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:-
 - (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued shares in the capital of the Company (excluding treasury shares) or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;
 - (ii) for the purpose of determining the aggregate number of shares that may be issued (subject to such manner of calculation as may be prescribed by SGX-ST) under (i) above, the percentage of issued share capital (excluding treasury shares) shall be based on the issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this Resolution is passed; and (2) any subsequent consolidation or sub-division of shares;
 - (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance is waived by the SGX-ST) and the Company's Articles of Association; andunless revoked or varied by the Company in General Meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [Resolution No. 7]
7. **THAT:-**
 - (a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into transactions falling within the categories of Interested Person Transactions set out in paragraph 3.2 of the Company's Addendum to Shareholders dated 7 April 2014 (being an addendum to the Annual Report of the Company for the financial year ended 31 December 2013) (the "Addendum"), with any party who is of the class or classes of Interested Persons described in paragraph 3.1 of the Addendum, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for Interested Person Transactions as set out in paragraph 4 of the Addendum (the "Shareholders' Mandate");
 - (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
 - (c) the directors of the Company be and each of them be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution. [Resolution No. 8]
8. **THAT** the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the provisions of the Design Studio Employee Share Option Scheme (the "ESOS") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Design Studio ESOS, the Design Studio PSP (as defined below) and all other share option or other share schemes of the Company, provided that the aggregate number of new Shares to be issued pursuant to the Design Studio ESOS and the Design Studio PSP shall not exceed 7.5% of the total number of issued Shares of the Company (excluding treasury shares) on the day preceding that date. Such limit will be subject to a further sub-limit of 1.5% for every 2-year period on a cumulative basis during which the Design Studio ESOS and the Design Studio PSP are in force. Any unutilised per centum of the sub-limits in respect of any such 2-year period shall be available for roll-over and aggregated with the applicable sub-limit of 1.5% for the subsequent 2-year period for grants of Options and Awards. [Resolution No. 9]
9. **THAT** the Directors of the Company be and are hereby authorised to grant the Awards in accordance with the provisions of the Design Studio's Performance Share Plan (the "PSP") and to allot, issue, transfer and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the vesting of Awards under the Design Studio PSP, provided that the aggregate number of Shares to be issued or delivered pursuant to the Design Studio PSP, the Design Studio ESOS and all other share option or other share schemes of the Company shall not exceed 7.5% of the total number of issued Shares of the Company (excluding treasury shares) on the day preceding that date. Such limit will be subject to a further sub-limit of 1.5% for every 2-year period on a cumulative basis during which the Design Studio ESOS and the Design Studio PSP are in force. Any unutilised per centum of the sub-limits in respect of any such 2-year period shall be available for roll-over and aggregated with the applicable sub-limit of 1.5% for the subsequent 2-year period for grants of Options and Awards. [Resolution No. 10]

By Order of the Board
Helen Campos
Company Secretary
7 April 2014

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer of attorney.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 8 Sungei Kadut Crescent, Singapore 728682, not less than 48 hours before the time for holding of the meeting.

Explanatory Notes on Ordinary Business to be transacted:

- a. Mr Bernard Lim Leng Foo is an Executive Director and Chief Executive Officer of the Company. He is also a member of the Nominating Committee. If re-elected, he will remain as the Chief Executive Officer of the Company, as well as a member of the Nominating Committee.
- b. Ms Tan Siok Chin is an Independent Director and Chairman of the Board of Directors and Remuneration Committee as well as a member of the Audit Committee and Nominating Committee. If re-elected, she will remain as Chairman of the Board of Directors and Remuneration Committee, as well as a member of the Audit and Nominating Committees.
- c. The proposed directors' fees of S\$310,000 for the year ending 31 December 2014 are fees payable to non-Executive Directors. Ordinary Resolution No. 4 proposed in item 3 above, if passed, will allow the Company to pay fees to directors on a quarterly basis, in arrears, as directors render their services during the course of the financial year ending 31 December 2014. This will facilitate directors' compensation for services rendered in a more timely manner.
- d. The Audit Committee has recommended the re-appointment of Deloitte & Touche LLP as Auditors.

Explanatory Notes on Special Business to be transacted: -

- e. Resolution No. 7 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% for the total number of issued shares (excluding treasury shares) of which up to 20% may be issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution No. 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.
- f. Resolution No. 8 if passed, will allow the Company, its subsidiaries and associated companies or any of them to enter into certain interested person transactions with persons who are considered "Interested Persons" and will empower the directors of the Company from the date of this meeting until the next Annual General Meeting of the Company to do all acts necessary to give effect to the Shareholders' Mandate or the Ordinary Resolution. Information relating to the renewal of the Shareholders' Mandate can be found in the Addendum to this Notice.
- g. Resolution No. 9, if passed, will empower the Directors, from the date of the Annual General Meeting until the date of the next annual general meeting of the Company, to allot and issue shares in the capital of the Company up to an amount (which includes shares issued and/or issuable pursuant to any other existing share schemes or plan of the Company for the time being) not exceeding in total 7.5% of the issued share capital of the Company and subject to the sub-limit imposed for the time being pursuant to the exercise of the options under the ESOS.
- h. Resolution No. 10, if passed, will empower the Directors, from the date of the Annual General Meeting until the date of the next annual general meeting of the Company, to grant Awards, allot and issue shares in the capital of the Company up to an amount (which includes shares issued and/or issuable pursuant to any other existing share schemes or plan of the Company for the time being) not exceeding in total 7.5% of the issued share capital of the Company and subject to the sub-limit imposed for the time being pursuant to the vesting of Awards under the PSP.