

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Year ended 31 December 2016

Design Studio encompasses qualities of an established enterprise. Our business acumen – honed and sharpened through the years – gives us the competitive edge at the

At the date of this report, the Board comprises of three Executive Directors, namely Mr Ye Jianming, Mr Zeng Jianjun, Mrudy Joun and three Independent Directors, namely Mr Ooi Hoe Seong, Mr Toh Hock Ghim, and Ms Ling Chi. The experience and competence of each Director contributes to the overall effective management of the Group.

The Board's primary role includes but is not limited to the following:
develop more sustainable products and services.

(a) providing entrepreneurial leadership;

In our journey forward, we seek to strengthen our position within the industry by continuing to focus on the specialised

areas and capabilities that the Management has demonstrated in the past.

Like a series of connected links, our passion for excellence,

quality and innovation remains unbreakable.

(e) reviewing and approving the financial performance of the Group including its quarterly and full year financial results announcements;

With our commitment of "Sustaining Strength and Enhancing

Value", Design Studio is ready to usher in a new phase of growth.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee, a Remuneration Committee and an Audit Committee. The effectiveness of each committee is constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control. The members of the Board Committees as at the date of this Report are set out below:

Name of Director	Audit Committee ⁽¹⁾	Nominating Committee ⁽²⁾	Remuneration Committee ⁽³⁾
Ooi Hoe Seong	Chairman	Member	Member
Toh Hock Ghim	Member	Chairman	Member
Ling Chi	Member	Member	Chairman

Notes:

- (1) The Audit Committee was reconstituted on 5 April 2012 and 7 February 2013. For further details on the members of the Audit Committee during FY2012, please refer to the section entitled "Accountability and Audit – Audit Committee" of this Report.
- (2) The Nominating Committee was reconstituted on 5 April 2012 and 7 February 2013. For further details on the members of the Nominating Committee during FY2012, please refer to the section entitled "Board Matters – Nominating Committee" of this Report.
- (3) The Remuneration Committee was reconstituted on 5 April 2012 and 7 February 2013. For further details on the members of the Remuneration Committee during FY2012, please refer to the section entitled "Remuneration Matters – Remuneration Committee" of this Report.

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DELIVERING ON OUR BRAND OF QUALITY

As an enterprise, Design Studio has shown immense and continuous progress in our march forward. Our prudence and business acumen has driven growth and delivered results, while our strength and resilience has made us agile in the midst of an ever-evolving industry. We have established our own brand of excellence, and it doesn't stop here.

As part of strategy to sustain our momentum and continue creating value for our clients, we continuously focus on enhancing vital growth drivers such as developing our comprehensive suite of top-notch fixtures and interiors, and value engineered solutions and services. This keen eye for details has established strong partnerships and given us a sound reputation in the industry, paving the way for higher levels of growth.



CHAIRMAN'S STATEMENT



“AS WE TRANSITION INTO FY2016 AGAINST A BACKDROP OF UNCERTAINTY IN OUR CORE OPERATING MARKETS, WE REMAIN STEADFAST IN OUR STRATEGIC FOCUS TO BUILD A SUSTAINABLE AND PROFITABLE BUSINESS MODEL FOR DESIGN STUDIO GROUP.”

TAN SIOK CHIN

Non-Executive Chairman

Dear Shareholders,

I am delighted to present Design Studio Group's Annual Report for the financial year ended 31 December 2016 ("FY2016").

FINANCIAL REVIEW

Our trend for profitability and value creation continued in FY2016 as we closed the year with a profit net of tax of S\$20.5 million, an increase of 21.7% from S\$16.8 million in FY2015. This is a particularly robust result given the challenging

business landscape which continues to be afflicted by geopolitical uncertainties, weak economies and soft consumer demand. More importantly, our performance is testament to the resilience of our business model, which focuses on customer service, operational excellence and cost efficiency.

For the full year to 31 December 2016, we delivered revenue of S\$179.0 million, a 7.2% increase from S\$166.9 million in FY2015. This increase was primarily due to higher revenue contribution from the Hospitality & Commercial division, partially offset by lower revenues from the Residential Property division.



Mr. Toh Hock Ghim, and Ms. Ling Chi. The experience and competence of each Director contributes to the overall effective management of the Group.
 JW Marriott Hotel Singapore South Beach: Image courtesy of JW Marriott Hotel Singapore South Beach

JW Marriott Hotel Singapore South Beach: Image courtesy of JW Marriott Hotel Singapore South Beach

The Board's primary role includes but is not limited to the following:

- (a) providing entrepreneurial leadership;

Taking a closer look at the performance of our key markets, Singapore continues to be our largest market accounting for S\$21.8 million or 38.9% of total revenue. Revenue from Singapore declined 14.1% or S\$20.0 million from S\$141.8 million in FY2015, as the Group completed fewer residential property projects during the year.

Gross margin increased 1.6 percentage points from 20.7% in FY2015 to 22.3% for FY2016, primarily due to higher margins recorded in some projects completed during the financial year. The Group's marketing and distribution expenses increased 27.4% to S\$6.1 million in FY2016, from S\$4.8 million in FY2015, whilst general and administrative expenses decreased from S\$10.3 million in FY2015 to S\$8.9 million in FY2016.

Malaysia was the Group's second largest geographical market in FY2016. The country contributed 19.2% or S\$34.4 million of total revenue in FY2016, compared to S\$17.7 million in FY2015.

All the Directors bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance and standards of conduct. As a result, the Group achieved an improved profit before tax of S\$25.3 million for FY2016, as compared with S\$19.8 million for FY2015. After accounting for

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee and an Audit Committee. The effectiveness of each committee is constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control. The members of the Board Committees as at the date of this Report are set out below.

tax expenses, the Group's net profit for FY2016 was S\$20.3 million. The Board has also established a Remuneration Committee and an Audit Committee. The effectiveness of each committee is constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control. The members of the Board Committees as at the date of this Report are set out below.

Notes:
 (1) The Audit Committee was reconstituted on 5 April 2012 and in January 2013. This total dividend of America increased significantly from the year ago period. In aggregate, these markets contributed S\$19.2 million or 10.7% of total revenue in FY2016. This compares with a combined contribution of S\$7 million or 4.3% of total revenue in FY2015.

we continued to ensure the strength of our balance sheet and ended the year in a healthy cash position of S\$54.0 million. In the light of these achievements and a strong cash position, the Board is delighted to reward shareholders with a total dividend of 6.50 Singapore dollars per share declared on 14 August 2016 as well as a special dividend of 4.00 Singapore cents per share during FY2013. Please refer to the section entitled "Board Matters – Nominating Committee" of this Report.

- (3) The Remuneration Committee was reconstituted on 5 April 2012 and 7 February 2013. For further details on the members of the Remuneration Committee during FY2012, please refer to the section entitled "Remuneration Matters – Remuneration Committee" of this Report.

Name of Director	Audit Committee ⁽¹⁾	Nominating Committee ⁽²⁾	Remuneration Committee ⁽³⁾
Mr. Toh Hock Ghim	Chairman	Member	Member
Ms. Ling Chi	Member	Chairman	Member
Mr. Toh Hock Ghim	Member	Member	Chairman



Hanking Peak Boulevard: Image courtesy of Han King Group



The Visionaire: Image courtesy of Qingjian Realty (Sembawang) Pte Ltd

Ms Kelly Ng Chai Choey, Executive Director, Chief Financial Officer and Company Secretary, submitted her resignation, effective 31 March 2017, to pursue other interests. On behalf of the Board of Directors, we would like to thank Ms Ng for her valuable contribution to the success of the Company, both as an executive and as a director. She has delivered an outstanding job, strengthening the Group's leadership, and our financial and corporate functions over a number of years. We wish her well in her future endeavours. The Group appointed Mr Chua Wui Lik as Chief Financial Officer on 3 April 2017. Mr Chua was previously Group Financial Controller of Intraco Limited, and Chief Financial Officer of KS Distribution Pte Ltd.

During the year, we bid farewell to Mr Muhammad Umar Saleem, who stepped down as Non-Executive Director and member of the Audit Committee on 21 September 2016. I would like to express my appreciation and thanks to Mr Muhammad Umar Saleem for his invaluable contribution during his six-year tenure in office. As part of this transition, I welcomed Mr Hamish Gordon Tyrwhitt to the Board on 29 June 2016 as a Non-Executive Director and as a member of the Audit Committee on 21 September

2016. Mr Tyrwhitt is concurrently the Group Chief Executive Officer and Executive Director of Depa United Group.

I would like to take this opportunity to express my heartfelt gratitude to my fellow Directors for their wise counsel and astute leadership in successfully navigating the Group through volatile and challenging business environments.

I would like to express our heartfelt appreciation to the management and employees of Design Studio Group, whose courage, diligence and commitment to excellence have allowed us to continually reach new heights. To our shareholders, customers, and business partners, thank you for your continued trust and unwavering support.

I am confident that with your continued support, we will overcome the challenges ahead and build on our leadership position for greater success.

Tan Siok Chin (Ms)

Non-Executive Chairman

Ritz-Carlton Residences (Malaysia): Image courtesy of Berjaya Group





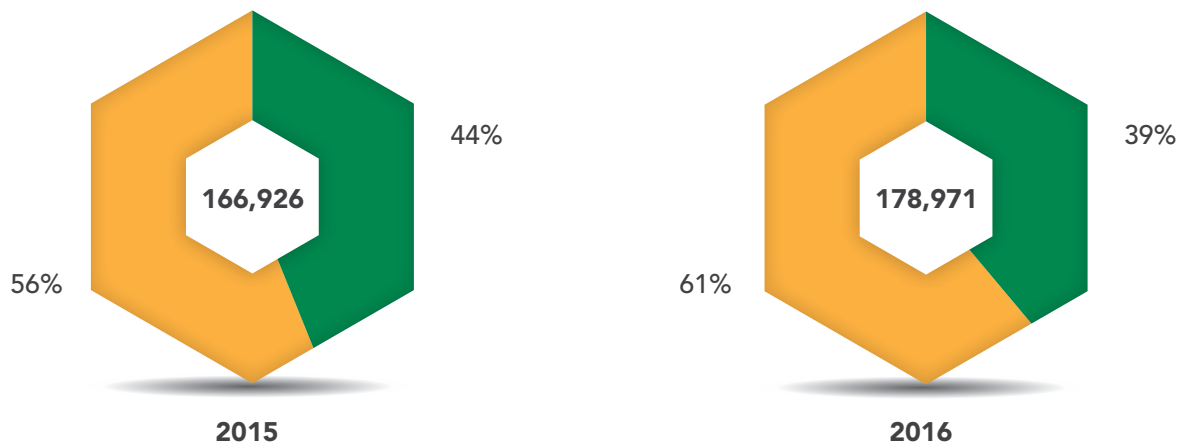


SUSTAINING DRIVE AND AMBITION

Opportunity presents itself constantly, but it takes foresight and strategy to convert them into possibilities for growth. Guided by this principle, we are riding on strong momentum to further enhancing our presence in key markets. Through environmentally-friendly practices and solutions, we are meeting the needs of today without compromising the resources for tomorrow, thereby heightening our competitive advantage and brand value. Going forward, up-and-coming technologies will continue to materialise in innovative products and solutions, providing greater sustainability for the future.

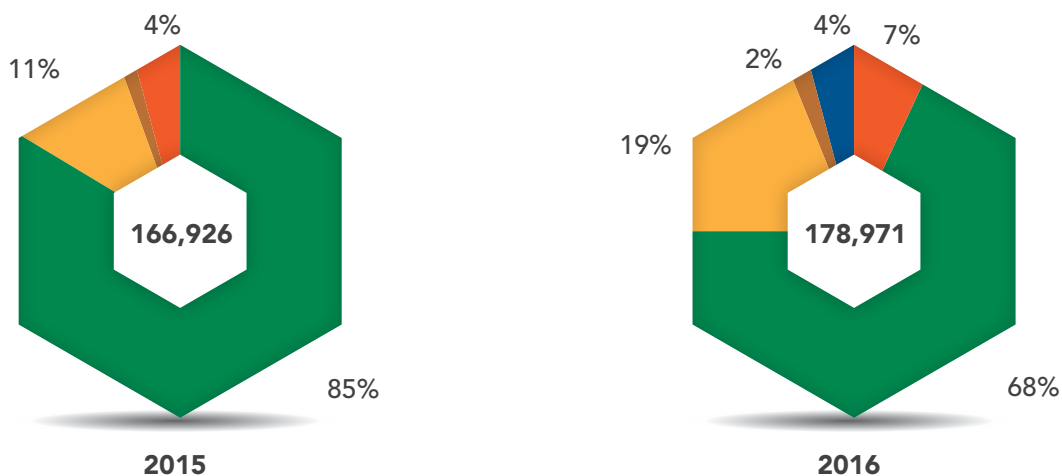
FINANCIAL HIGHLIGHTS

Group revenue by business segments (in S\$'000)



YEAR	Residential property projects	Hospitality and commercial projects	Distribution projects
2015	73,591	92,941	394
2016	68,907	109,990	74

Group revenue by geography (in S\$'000)

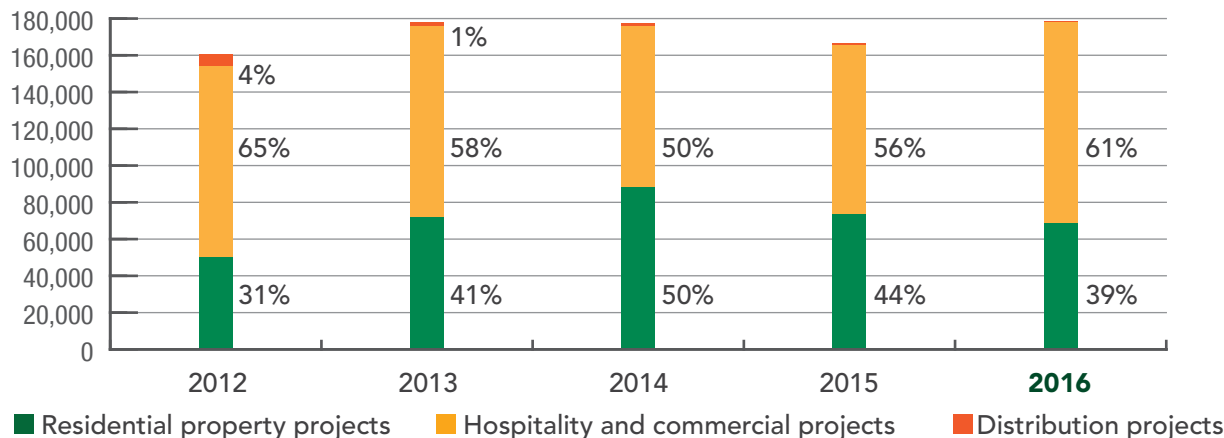


YEAR	Singapore	Malaysia	People's Republic of China	United Arab Emirates	Others
2015	141,760	17,652	340	73	7,101
2016	121,765	34,403	3,438	7,298	12,067

FINANCIAL SUMMARY

Group revenue by business segments

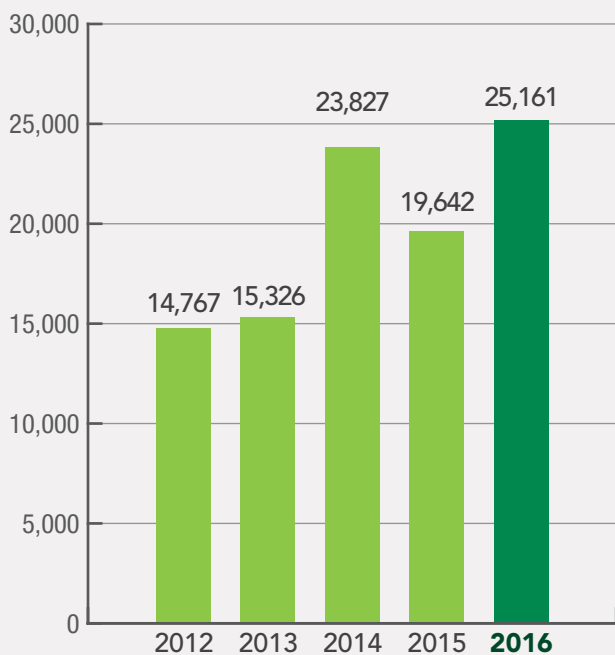
(in S\$'000)



	2012	2013	2014	2015	2016
Residential property projects	49,949	71,974	88,391	73,591	68,907
Hospitality and commercial projects	103,990	104,011	88,839	92,941	109,990
Distribution projects	6,692	2,112	578	394	74
	160,631	178,097	177,808	166,926	178,971

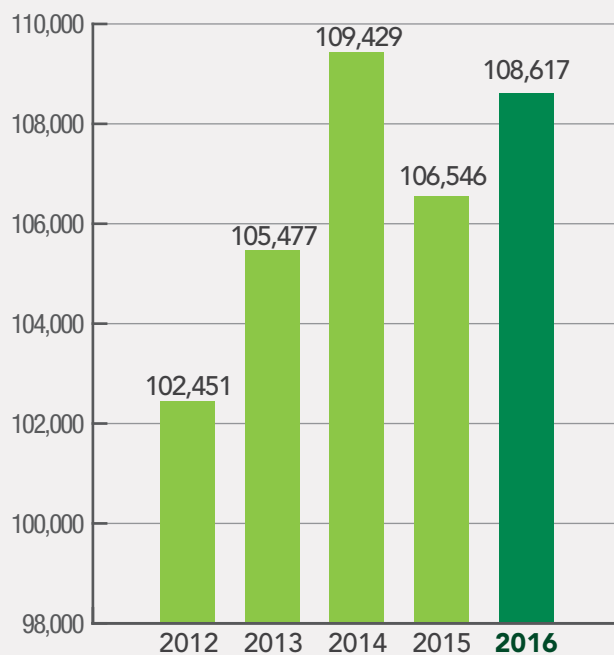
Profit from operations

(in S\$'000)



Shareholders' equity

(in S\$'000)



**Design 瑞
STUDIO 胜**

Inspired by Aspirations. Driven by Innovations.

**Design Studio Group Ltd.
(Singapore)**



BOARD OF DIRECTORS



Tan Siok Chin

Non-Executive Chairman

Tan Siok Chin was appointed as an Independent Director of our Company on 1 January 2006 and on 1 June 2012, she was appointed as the Non-Executive Chairman of the Board. Ms Tan practices as an advocate and solicitor in Singapore. She is a Director of ACIES Law Corporation, a firm of advocates and solicitors heading its corporate practice group.

Ms Tan has over two decades of experience in legal practice. Her main areas of practice are corporate finance, mergers and acquisitions, capital markets and commercial matters.

Ms Tan is also an independent director of several other public companies listed on the SGX-ST. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree



Edgar Ramani

Director and Chief Executive Officer

Edgar Ramani was appointed a Director of our Company on 22 February 2017 and the Chief Executive Officer of Design Studio Group on 23 February 2017. He is responsible for the Group's overall strategic direction, growth, business development and operations for the Group.

He is a civil engineer with extensive experience in delivering turnkey resource and infrastructure projects throughout Australia, South East Asia, India and the Middle East.

Prior to joining Design Studio, he was the Chief Executive, Asia of UGL Limited. He was responsible for leading UGL's business in the Asian region. Before that, he was a Project Director at Leighton Asia (CIMIC Group) managing large scale projects across a number of countries. He was responsible for managing Leighton's first offshore oil & gas projects in Saudi Arabia, Australia and Singapore for Saudi Water and Electric Company, Apache and Shell respectively. He also managed the start-up of one of Asia's longest road tunnel EPC projects in the Himalayan region of Northern India.

Edgar commenced his career with Rinker Group in Brisbane and later with Clough Engineering in Australia and Indonesia.

Edgar holds a Bachelor of Civil Engineering (Hons) from the University of Queensland.



Roderick David Maciver

Non-Executive Director

Roderick David Maciver was appointed as a Non-Executive Director of our Company on 9 November 2015. Mr Maciver is Depa Limited's Vice Chairman.

Mr Maciver has over 40 years of experience in the construction industry in the Middle East, including periods as a Managing Director for Wimpey International and Managing Director, Operations for both Tarmac International and more recently Carillion International. Since retiring from full time employment in 2006, Mr Maciver has worked as an advisor for various companies including Kempe Engineering Pty Ltd, Al-Futtaim Group Real Estate and for the past eight years Consolidated Contractors Company (CCC).

Mr Maciver holds an HNC in Building (Structural Engineering Stream).



Ong Tiew Siam

Independent Director

Ong Tiew Siam was appointed as our Independent Director on 1 March 2007. He has more than 37 years of experience in finance and administrations. He graduated with a Bachelor of Commerce (Accountancy) (Honours) degree in 1975 from the Nanyang University of Singapore. He is a fellow member of the Institute of Singapore Chartered Accountants and member of the Singapore Institute of Directors. Mr Ong also sits on the board of several listed companies.



Hamish Gordon Tyrwhitt

Non-Executive Director

Hamish Gordon Tyrwhitt was appointed as Non-Executive Director of Design Studio on 29 June 2016. Mr Tyrwhitt is the Group Chief Executive Officer of Design Studio's largest shareholder, the Depa Group, one of the world's leading providers of interior solutions. Since November 2016 he has also held the position of Chief Executive Officer of the Arabtec Group, one of the leading construction and engineering groups in the Middle East and North Africa.

Mr Tyrwhitt has three decades of senior leadership experience in the global engineering and construction sectors. Most recently, he was CEO of Asia Resource Minerals Plc, a coal mining company listed in London. Prior to this he was CEO of Australian Securities Exchange-listed Leighton Group (now known as CIMIC Group) with annual revenues of around USD20 billion and operations in more than 20 international markets. In his previous roles, Mr Tyrwhitt supervised the delivery of numerous multi-billion dollar projects, and as Managing Director for Leighton Asia, he ran the business across all of Asia based from their headquarters in Hong Kong.

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Ong Tiew Siam	Chairman
Hamish Gordon Tyrwhitt	
Tan Siok Chin	

Remuneration Committee

Tan Siok Chin	Chairman
Ong Tiew Siam	
Roderick David Maciver	

Nominating Committee

Ong Tiew Siam	Chairman
Tan Siok Chin	
Roderick David Maciver	

Company Secretary

Hazel Chia Luang Chew

Management Team

Edgar Ramani	Chief Executive Officer
Jeremy Koh Kah Liam	Director
Chew Keng Meng	Chief Operating Officer of DDS Singapore
Jack Chen Yun Loong	Chief Operating Officer of DDS Malaysia
George Soh Chin Chyun	Project Director of DDS Group
Chan Pheng Chun	General Manager, Projects of Design Studio Singapore
Shirley Gan Shi Khim	General Manager of Design Studio Huizhou
Mak Soon Heng	General Manager of Design Studio Malaysia

Auditors

Ernst & Young LLP
Partner: Yong Kok Keong
(appointed on 29 May 2015)

Principal Bankers

United Overseas Bank
Oversea-Chinese Banking Corporation
Citibank N.A. Singapore Branch

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
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Fax: (65) 6536 1360

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Website: www.designstudio.com.sg
www.designstudio.com.cn
Email: corpcommunications@designstudio.com.sg

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Head Office / Singapore

Design Studio Singapore Pte Ltd
Showroom / Factory / Singapore

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MALAYSIA

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Factory / Malaysia

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81400 Senai, Johor Bahru
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Fax: (607) 598 6368

DS Project Management Sdn Bhd
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www.ddsasia.com.sg

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STUDIO 胜

Inspired by Aspirations. Driven by Innovations.

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