◢ REPLACING THE DESIGN

Double-click on smart-object layer thumbnail. It will open new document tab on your Photoshop.
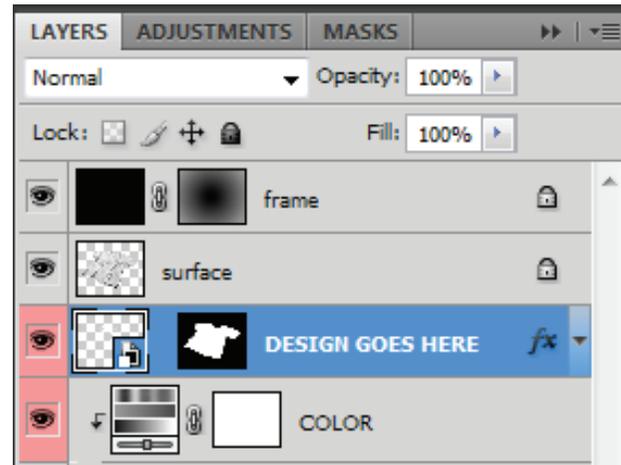
Paste your design inside the new tab, then save and close that tab.
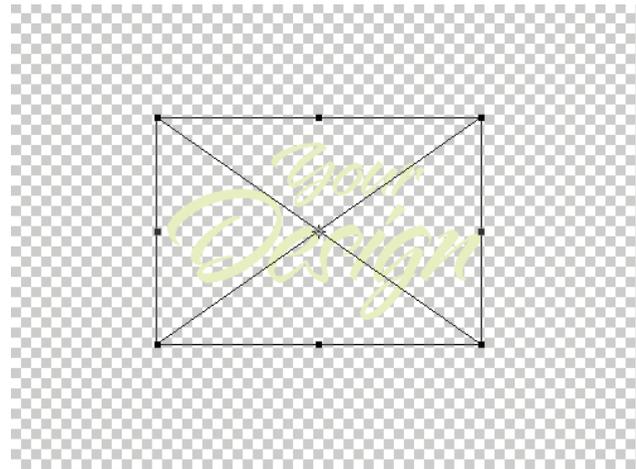
You have done and enjoy the result!

◢ CHANGE T-SHIRT COLOR

Double-click on Hue/Saturation (layer 'COLOR') adjustment layer thumbnail.
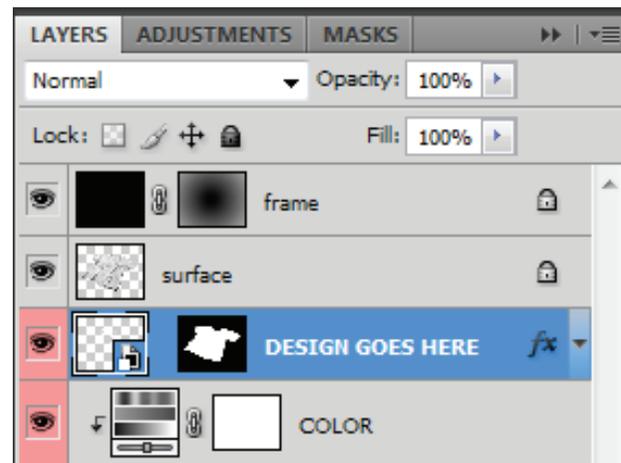
In Hue/Saturation palette, slide the small arrow on Hue, Saturation, or Lightness until you get the perfect combination for your t-shirt.
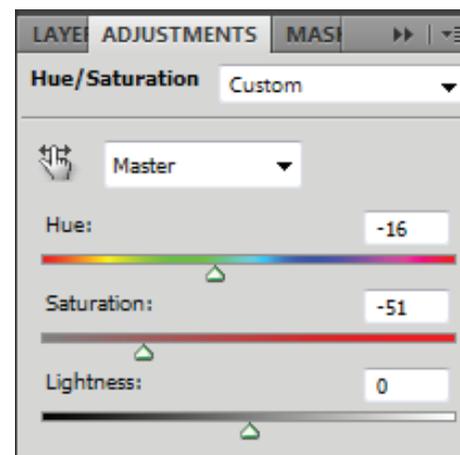
You can see the result while changing the Hue/Saturation setting, enjoy!