

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Design Capital Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

Design Capital Limited

設計都會有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1545)

MAJOR TRANSACTION — THE FIRST AMENDMENT AGREEMENT TO THE LEASE AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

The notice convening the Extraordinary General Meeting of Design Capital Limited to be held at 130 Joo Seng Road #07-05 Singapore 368357 on Monday, 30 November 2020 at 10:00 a.m. is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 10:00 a.m. on Saturday, 28 November 2020) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.designcapital.sg).

Considering the outbreak of the novel coronavirus (COVID-19), certain measures will be implemented at the Extraordinary General Meeting with a view to addressing the risk to attendees of infection, including the following:

- a) all attendees will be required to undergo body temperature check;
- b) all attendees will be required to complete a health declaration form, which may be used for contact tracing, if required;
- c) any attendees who are subject to health quarantine prescribed by the Government of Singapore will not be admitted to the venue of the Extraordinary General Meeting;
- d) all attendees will be required to wear surgical face masks throughout the Extraordinary General Meeting;
- e) each attendee will be assigned a designated seat at the time of registration to ensure social distancing;
- f) any person who does not comply with the measures above may be denied entry into, or be required to leave, the venue of the Extraordinary General Meeting;
- g) no refreshments or beverages will be provided, and there will be no corporate gifts.

The Company reminds Shareholders that they should carefully consider the risks of attending the Extraordinary General Meeting, taking into account their own personal circumstances. The Company would like to remind Shareholders that **physical attendance in person at the Extraordinary General Meeting is not necessary** for the purpose of exercising their voting rights and strongly recommends that Shareholders appoint the Chairman of the Extraordinary General Meeting as their proxy and submit their form of proxy as early as possible. In light of the risks posed by the COVID-19, the Company strongly encourages Shareholders **NOT** to attend the Extraordinary General Meeting in person. The Company will keep the evolving COVID-19 situation under review and may implement additional measures (which it will announce closer to the date of the Extraordinary General Meeting).

13 November 2020

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Financial Information of the Group	16
Appendix II — General Information	19
Notice of Extraordinary General Meeting	25

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors of the Company
“Company”	Design Capital Limited (設計都會有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 29 March 2018 whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1545)
“Controlling Shareholder(s)”	has the meaning under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entire Term”	the term of the Lease Agreement (as supplemented and amended by the First Amendment Agreement), i.e. 150 full calendar months from 1 January 2020 to 30 June 2032
“Extended Term”	an additional twenty-four full calendar months from 1 July 2030 to 30 June 2032
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 130 Joo Seng Road #07-05 Singapore 368357 on Monday, 30 November 2020 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 25 to 27 of this circular, or any adjournment thereof
“First Amendment Agreement”	the first amendment agreement dated 8 September 2020 in respect of the Lease Agreement entered into between the Realty Fund and the Tenant
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	the International Financial Reporting Standards issued by the International Accounting Standards Board, sets out the principles for the recognition, measurement, presentation and disclosure of leases

DEFINITIONS

“Independent Third Party(ies)”	person(s) or company(ies) who is(are) independent of and not connected (within the meaning of the Listing Rules) with the Company and its connected persons
“Latest Practicable Date”	10 November 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Lease”	the lease of the Property under the Lease Agreement
“Lease Agreement”	the lease agreement dated 26 August 2019 in respect of the Property entered into between the landlord and the Tenant
“Lease Extension”	the extension of the lease of the Property under the First Amendment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“Property”	the building located in 270 Madsen Drive, Bloomingdale, Illinois 60108
“Prospectus”	the prospectus of the Company dated 11 April 2019
“Realty Fund”	The Realty Associates Fund XII Portfolio, L.P., a fund which is established by TA Realty, LLC (and its successors and assigns)
“Reimbursement Agreement”	the reimbursement agreement dated 7 July 2020 in respect of the Works entered into between the Realty Fund and the Tenant, as amended and restated by a supplemental agreement entered into by the Tenant and the Realty Fund on 8 September 2020
“S\$”	Singapore dollars, the lawful currency in Singapore
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Singapore”	the Republic of Singapore
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Target Marketing Systems, Inc., a corporation incorporated in the States of Illinois, U.S. and an indirect subsidiary of the Company
“United States” or “U.S.”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Value of the Right-of-Use Asset”	has the meaning under “Letter from the Board — 5. Possible Financial Effects as a Result of Entering into the First Amendment Agreement”
“Works”	certain renovation works in relation to the Property
“%”	per cent.

Translation of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.75.

LETTER FROM THE BOARD

Design Capital Limited

設計都會有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1545)

Executive Directors:

Mr. Goon Eu Jin Terence
Ms. Wee Ai Quey
Ms. Ong Ciu Hwa

Non-executive Directors:

Mr. Kho Chuan Thye Patrick
Mr. Lim Sooi Kheng Patrick

Independent non-executive Directors:

Mr. Lim Boon Cheng
Mr. Ng Chee Kwong, Colin
Mr. Wee Kang Keng

Registered Office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business

and Headquarters in Singapore:

130 Joo Seng Road
#07-05, Singapore 368357

Principal Place of Business

in Hong Kong:

Level 54
Hopewell Centre
183 Queen's Road East, Hong Kong

13 November 2020

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION —
THE FIRST AMENDMENT AGREEMENT
TO THE LEASE AGREEMENT AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 8 September 2020 in respect of, amongst others, the First Amendment Agreement, and the announcements of the Company dated 6 May 2020 and 8 July 2020 in respect of the Lease Agreement and the Reimbursement Agreement. On 8 September 2020, the Tenant (an indirect subsidiary of the Company) and the Realty Fund executed the First Amendment Agreement to the Lease Agreement to, *inter alia*, extend the term of the Lease in respect of the Property. The transaction contemplated under the First Amendment Agreement, when aggregated with the Lease Agreement, constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, amongst others, further details of the First Amendment Agreement, a notice convening the Extraordinary General Meeting, and other information as required under the Listing Rules.

2. BACKGROUND OF THE LEASE AGREEMENT AND THE FIRST AMENDMENT AGREEMENT

On 26 August 2019, the Tenant and the Landlord entered into the Lease Agreement for the lease of the Property with the original term of 126 full calendar months from 1 January 2020 to 30 June 2030 at a total base rental of approximately US\$10,213,769 (equivalent to approximately HK\$79,156,709), which is the aggregate of the monthly base rent (before taking into account the six-month free rental period from 1 January 2020 to 30 June 2020, and the six-month period of abated rent from 1 July 2020 to 31 December 2020) for the first 126 months as set out on the rental table on page 8. The Tenant is entitled to a six-month rent-free period from 1 January 2020 to 30 June 2020 and a six-month period of abated rent from 1 July 2020 to 31 December 2020. Details of the rental are set out at page 8, whereas details of the Lease Agreement are set out in the announcement of the Company dated 6 May 2020.

The Property is a newly constructed property, and is currently used by the Group for warehousing, logistics and distribution purposes.

On 7 July 2020, the Tenant and the Realty Fund entered into the Reimbursement Agreement in respect of, *inter alia*, the Works to be performed and sums expended in relation to the Property, which provided that if either the Realty Fund or the Tenant, within 90 days after 7 July 2020, being the date of the Reimbursement Agreement, (i) elects not to sign and return the First Amendment Agreement to the other Party; or (ii) elects to otherwise not proceed with the First Amendment Agreement, the Tenant shall pay the Realty Fund all its third party out-of-pocket costs, expenses, fees and charges estimated to be approximately US\$100,000 (equivalent to approximately HK\$775,000), and the construction management fee due to the Realty Fund's property manager incurred and/or invoiced in connection with the planning, permitting and completion of the Works (which shall not exceed 3% of the total costs, expenses, fees and charges associated with the Works), details of which are set out in the announcement of the Company dated 8 July 2020.

On 8 September 2020, the Tenant (an indirect subsidiary of the Company) and the Realty Fund executed the First Amendment Agreement to the Lease Agreement to, *inter alia*, extend the term of the Lease in respect of the Property.

Consequential to the First Amendment Agreement, a supplemental agreement to amend and restate the Reimbursement Agreement was entered into by the Tenant and the Realty Fund on 8 September 2020 to reflect that the First Amendment Agreement will be subject to approval by the Shareholders at the Extraordinary General Meeting, and that the Tenant shall pay the Realty Fund the costs in connection with the Works only upon rescission of the First Amendment Agreement.

LETTER FROM THE BOARD

Summary of the principal terms of the First Amendment Agreement

A summary of the principal terms of the First Amendment Agreement and the relevant information is set out below:

1. The term of the Lease Agreement shall be extended by an additional twenty-four full calendar months (i.e. the new expiration date of the Lease will be 30 June 2032) (the “**Extended Term**”).
2. The total base rental payable for the Extended Term is approximately US\$2,207,890 (equivalent to approximately HK\$17,111,148) which shall be paid on a monthly basis.
3. The Tenant is entitled to an additional two months of free rental period from 1 January 2021 to 28 February 2021.
4. The First Amendment Agreement is conditional upon the approval by the Shareholders at an Extraordinary General Meeting. If such approval is obtained, the Tenant is required to notify the Realty Fund in writing on or before 9 October 2020, otherwise the First Amendment Agreement shall be rescinded automatically. If the First Amendment Agreement is rescinded, the lease of the Property will continue and remain in force in accordance with terms under the Lease Agreement (as if it has not been amended by the First Amendment Agreement), which means that the term of the Lease will end on 30 June 2030, and the Works will be performed at the Tenant’s costs. As disclosed in the announcements of the Company dated 9 October 2020 and 30 October 2020, the Company has agreed with the Realty Fund to postpone the date on which the Tenant is required to notify the Realty Fund as to whether approval of the Shareholders at the Extraordinary General Meeting is obtained from 9 October 2020 to 31 October 2020, and subsequently to 30 November 2020.
5. The Realty Fund shall perform the Works at the Realty Fund’s own costs and expenses.

LETTER FROM THE BOARD

Summary of the principal terms of the Lease Agreement (as supplemented by the First Amendment Agreement)

For completeness, a summary of the principal terms of the Lease Agreement (as supplemented and amended by the First Amendment Agreement) is set out below:

Date: 26 August 2019 (as supplemented by the First Amendment Agreement dated 8 September 2020)

Parties: Tenant: Target Marketing Systems, Inc., an indirect subsidiary of the Company

Landlord: The Realty Associates Fund XII Portfolio, L.P.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Realty Fund and its ultimate beneficial owners are Independent Third Parties.

Property: The building located in 270 Madsen Drive, Bloomington, Illinois 60108

Total gross area: Approximately 154,000 leasable sq. ft.

Permitted Use: General warehousing, distribution, office and other ancillary uses and no other purposes

Term: 150 full calendar months (i.e. 1 January 2020 to 30 June 2032) and inclusive of the free rental period of eight months (i.e. 1 January 2020 to 30 June 2020, and 1 January 2021 to 28 February 2021)

LETTER FROM THE BOARD

Rental:

The total base rental payable under the Lease Agreement (as supplemented by the First Amendment Agreement) is approximately US\$11,659,077 (equivalent to approximately HK\$90,357,847), after taking into account the abated rent and eight months' free rental period, which shall be paid on a monthly basis.

Details of the monthly base rent payable, before and after taking into account the abated rent are as follows:

Full Month of Term	Monthly Base Rent (US\$)	
	Before deduction of abated rent	After deduction of abated rent ^{Note 3}
1-12 ^{Note 1}	71,866.67	41,190.80
13-24 ^{Note 2}	73,663.33	73,663.33
25-36	75,504.92	75,504.92
37-48	77,392.54	77,392.54
49-60	79,327.35	79,327.35
61-72	81,310.54	81,310.54
73-84	83,343.30	83,343.30
85-96	85,426.88	85,426.88
97-108	87,562.55	87,562.55
109-120	89,751.62	89,751.62
121-126	91,995.41	91,995.41
127-132	91,995.41	91,995.41
133-144	91,995.41	91,995.41
145-150	91,995.41	91,995.41

Note 1 — The monthly base rent is abated for six months from 1 January 2020 to 30 June 2020 (i.e. free rental period). A portion of the monthly base rent (i.e. US\$30,675.87) is abated for six months from 1 July 2020 to 31 December 2020.

Note 2 — The monthly base rent is abated for two months from 1 January 2021 to 28 February 2021 (i.e. free rental period).

Note 3 — The abated rent (including the free rental period) shall be reinstated and become immediately due and payable upon the occurrence of a default by the Tenant under the Lease Agreement.

LETTER FROM THE BOARD

Other expenses:

The Tenant is also responsible for the (i) expenses and costs incurred by the Landlord in connection with the management, maintenance, operation, repair of the Property) and (ii) taxes, assessments and fees levied upon or against the Property by the government. The amount of expenses and taxes for each calendar month is estimated and billed by the Landlord to the Tenant per calendar month. The estimated expenses and taxes are reconciled by the Landlord with the actual costs at the end of each calendar year and the Landlord will bill the shortfall or provide credit to the Tenant depending on the difference.

As the Tenant is leasing the entire building where the Property is located in, the Tenant is responsible for 100% of the expenses and taxes.

The monthly expenses and taxes are abated in full for six months from 1 January 2020 to 30 June 2020. A portion of the monthly expenses and taxes (i.e. 42.6844%) are abated from six months from 1 July 2020 to 31 December 2020.

Tenant incentive allowance:

The Tenant is entitled to an allowance of US\$216,000, amount of which can be applied against cost of labor and materials, general contractor's overhead and profit, architectural and engineering fees and permit fees etc., for certain tenant improvement work to be carried out in the Property.

Deposit:

US\$122,174.28 (equivalent to approximately HK\$946,850.67). The deposit shall be returned to the Tenant within 30 days after the later of (i) the vacation of the Premises by the Tenant, or (ii) the determination by the Realty Fund of any final amounts owed by the Tenant pursuant to the Lease, if there has been no default on part of the Tenant under the Lease. The deposit will not be used to offset the rent payable of the Tenant.

Effective date of the Lease:

1 January 2020

LETTER FROM THE BOARD

3. INFORMATION ON THE PARTIES

The Group is a longstanding furniture seller on third party e-commerce platforms in the U.S., a mid to high-end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. The Tenant is an indirect subsidiary of the Company and is principally engaged in the business of the furniture sales in the U.S. of the Group.

The Realty Fund is a fund which is established by TA Realty, LLC (and its successors and assigns) which is a sizeable real estate investment firm and a limited liability company incorporated in the U.S. that provides investment management services to U.S. and non-U.S. institutional investors. Based on the website of Mitsubishi Estate Co., Ltd. (TSE: 8802) (<https://www.mec.co.jp/e/company/group/field.html>), TA Realty, LLC is a member of Mitsubishi Estate Co., Ltd. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Realty Fund, TA Realty, LLC and its ultimate beneficial owners are Independent Third Parties.

4. REASONS FOR AND BENEFITS OF THE LEASE AND THE LEASE EXTENSION

The Directors consider that it is desirable for the Tenant to enter into the First Amendment Agreement, as it will allow the Tenant to remain in the Property for an additional two years which is favourable to the continuity of the Group's business. The Tenant will be able to benefit from additional rent abatement. The Directors are also of the view that the First Amendment Agreement is beneficial to the Group in terms of maintaining operational and business stability as the monthly rental payable until the end of the Extended Term is agreed under the First Amendment Agreement, which were determined after arm's length negotiations between the Realty Fund and the Tenant on normal commercial terms taking into consideration the prevailing market rent for comparable premises in the vicinity of the Property, which includes consideration of and comparison against nine leases of comparable premises in the vicinity of the Property entered into in or around the year 2019, with reference to their location, term, rent and specifications of premises. When comparing the terms of the Lease, the Company considered a number of factors: the monthly base rental of the Lease on average for the first year of the Entire Term, being US\$5.60 per sq. ft. per year, was the lowest amongst the comparable premises on average for the first year of the Entire Term, which generally ranges from US\$5.65 to US\$8.00 per sq. ft. per year; the eight-month free rental period the Tenant is entitled to is longer to that of comparable premises which generally ranges from nil to seven months; the yearly escalation of the monthly base rental of the Lease is approximately 2.5% which falls within range with that of comparable premises generally ranging from 2% to 3%; the tenant incentive allowance available to the Tenant of US\$216,000 is higher than most of that of comparable premises which generally ranges from nil to around US\$360,000. In considering the monthly rent payable of the Entire Term, the Board, through the management of the Company assessed it against leases of comparable premises in the vicinity of the Property, layout of the Premises with reference to the Group's requirement to maximise the use of the Premises, such as cross docking capability, and the renovation allowances and abated rent; and in particular, for the Extended Term, the Tenant is able to benefit from a flat monthly base rent as opposed to the ordinary yearly escalations. The Board

LETTER FROM THE BOARD

concurs with the management of the Company that monthly rent payable and its yearly escalation is fair and reasonable, and compares favourably to leases of comparable premises in the vicinity of the Property.

In addition, the Works are required to be carried out at the Property by the Village of Bloomingdale, the municipality where the Property is located. The Directors consider that it is beneficial to enter into the First Amendment Agreement as the Realty Fund will then be responsible for the costs of the Works. The cost of the Works will include all Realty Fund's third party out-of-pocket costs, expenses, fees and charges, which is estimated to be approximately US\$100,000, and the construction management fee due to the Realty Fund's property manager (the "**Property Manager's Fee**") incurred and/or invoiced in connection with the planning, permitting and completion of the Works. The Property Manager's Fee shall not exceed 3% of the total costs, expenses, fees and charges associated with the Works.

The Board considers that by expanding the Group's warehouse storage space, the Group will be able to better control its distribution and supply chain fulfilment activities and not overly rely on third party service providers to keep pace with the expansion of the Group. The previous warehouse facility comprising storage, docking, loading/unloading and corporate services space was getting too small to cater to the Group's expansion plans. The cost of the rent payable of the Property and employment of staff in operating the warehouse is considered to be more cost effective than engaging a third party logistic services provider, which is projected to be an estimated 15 to 20 per cent higher than the costs involved for operating the Group's own warehouse. The Group will also have certainty over costs to be incurred as the monthly rent payable for the Property for the Entire Term, has already been agreed in the Lease Agreement and the First Amendment Agreement. Third party logistic services provider will not be able to provide the Group with long term cost stability, particularly when the e-commerce business is doing well in the U.S.. In addition, the Group does not have control over third party logistic services provider as to their service standards and their commitment to expand with the Group, whereas the Group would be able to retain flexibility over its logistics schedule in order to meet customers' delivery requirements if the warehouse is operated and maintained in-house. For such reasons, the Board is of the view that in the long term, the Lease and the Lease Extension will enable the Group to reduce its reliance on third party logistic services and have better control on logistics cost.

Having taken into account the above reasons and benefits, the Directors (including all the independent non-executive Directors) therefore consider that the terms of the First Amendment Agreement are on normal commercial terms, fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

5. POSSIBLE FINANCIAL EFFECTS AS A RESULT OF ENTERING INTO THE FIRST AMENDMENT AGREEMENT

(a) Assets and liabilities

As disclosed in the announcement of the Company dated 6 May 2020, pursuant to IFRS 16, entering into of a leasing agreement with a term of more than 12 months as a lessee will require the Group to recognise its right to use the Property as the right-of-use assets in its financial statements of approximately US\$6,963,420 (equivalent to approximately HK\$53,966,505) calculated with reference to the aggregated present value of the lease payments (but excluding the expenses and taxes payable under the Lease and after taking into account the deduction of the abated rent and free rental period of 6 months as described in page 8 above) less incentives given by the Landlord, discounted using a discount rate which is equivalent to the Company's weighted average incremental borrowing rate, which is 5.25% per annum, being the interest rate of the banking facility available to the Company during the entire terms of the Lease Agreement.

Upon the extension of the term of the Lease pursuant to the First Amendment Agreement, the value of the right-of-use required to be recognised by the Group as the right-of-use assets will be increased to approximately US\$7,638,793 (equivalent to approximately HK\$59,200,646) (the “**Value of the Right-of-Use Asset**”), calculated with reference to the aggregated present value of the lease payments for the Entire Term (but excluding the expenses and taxes payable under the Lease and after taking into account the deduction of the abated rent and free rental period of 8 months as described in page 8 above), less incentives given by the landlord, as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate, which is 5.25% per annum, during the Entire Term of the Lease.

The present value of the remaining lease payments of approximately US\$8,448,528 (equivalent to approximately HK\$65,476,092) will be recognised as lease liabilities. Accordingly, entering into the First Amendment Agreement will enlarge the size of the assets and liabilities of the Group.

(b) Profit and loss

During the Entire Term of the Lease, depreciation expenses of the right-of-use assets and finance cost accrual on the lease liabilities will be charged to the statements of profit and loss of the Group.

LETTER FROM THE BOARD

(c) Immediate effects

Assuming no changes in the base rents as set out on the Lease Agreement (as supplemented and amended by the First Amendment Agreement), the total depreciation expense and finance costs to be recognised by the Group for the year ending 31 December 2020 will be approximately US\$1,066,192 (equivalent to approximately HK\$8,262,988). For illustrative purpose, without taking into consideration the accounting treatment as required by IFRS 16, only the lease payments of approximately US\$932,726 (equivalent to approximately HK\$7,228,627) will be charged on the statement of profit and loss of the Group for the year ending 31 December 2020. As such, net effects on the profit or loss of the Group will be approximately US\$133,466 (equivalent to approximately HK\$1,034,362) for the year ending 31 December 2020.

(d) Effects during the term of the Lease Agreement (as supplemented and amended by the First Amendment Agreement)

The lease payments made by the Group will reduce the carrying amount of the lease liabilities and therefore the finance cost accrual of the lease liabilities in the coming years during the Entire Term of the Lease.

Save as disclosed above, it is not expected that there will be any material impact on the Group's earnings and assets and liabilities as a result of entering into the First Amendment Agreement.

6. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, entering into of a leasing agreement with a term of more than 12 months as a lessee will require the Group to recognise its right to use the Property as the right-of-use assets in its financial statements. As disclosed in the announcement of the Company dated 6 May 2020, the entering into of the Lease Agreement as lessee required the Group to recognise its right to use the Property as the right-of-use asset in its financial statements of approximately US\$6,963,420 (equivalent to approximately HK\$53,966,505), and the transaction contemplated thereunder was regarded as an acquisition of capital asset by the Group under the Listing Rules.

Upon the extension of the term of the Lease pursuant to the First Amendment Agreement, the Value of the Right-of-Use Asset will be increased to approximately US\$7,638,793 (equivalent to approximately HK\$59,200,646), calculated with reference to the aggregated present value of the lease payments for the Entire Term, less incentives given by the landlord, as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate, which is 5.25% per annum, during the Entire Term of the Lease, thus the transaction contemplated thereunder will also be regarded as an acquisition of capital asset by the Group under the Listing Rules.

LETTER FROM THE BOARD

The transaction contemplated under the First Amendment Agreement is aggregated with the transaction under the Lease Agreement pursuant to Rule 14.23 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Value of the Right-of-Use Asset exceed 25% but are below 100%, the transaction contemplated thereunder constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Directors has a material interest in the transactions contemplated under the First Amendment Agreement and none of them is required to abstain from voting on the relevant board resolutions.

7. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of Extraordinary General Meeting is set out on pages 25 to 27 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the Chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.designcapital.sg). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 10:00 a.m. on Saturday, 28 November 2020) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting if they so wish.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the resolutions in respect of the First Amendment Agreement or should be required to abstain from voting on the resolutions to be proposed at the Extraordinary General Meeting.

LETTER FROM THE BOARD

8. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the forthcoming Extraordinary General Meeting to be held on Monday, 30 November 2020. However, in order to qualify for attending and voting at the forthcoming Extraordinary General Meeting, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 November 2020.

9. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief and information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

10. RECOMMENDATION

Having considered the factors above, the Directors are of the view that the entering into the First Amendment Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions approving the First Amendment Agreement and the transactions contemplated thereunder at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of the Board
Design Capital Limited
Goon Eu Jin Terence
Chairman and Executive Director

FINANCIAL INFORMATION

The published audited consolidated financial statements of the Group for the years ended 31 December 2017 is disclosed in the Prospectus; whereas the published audited consolidated financial statements of the Group for the years ended 31 December 2018 and 31 December 2019 are disclosed in the Annual Report 2018 and the Annual Report 2019 respectively, and the published unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 are disclosed in the 2020 Interim Report. They can be accessed from the websites of the Company (<http://www.designcapital.sg>) or the Stock Exchange (<http://www.hkexnews.hk>).

INDEBTEDNESS

As at the close of business of 30 September 2020, being the latest practicable date of for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Borrowings

As at 30 September 2020, being the latest practicable date for the purpose of this indebtedness statement, total borrowings of the Group amounted to approximately S\$0.8 million, of which approximately S\$84,000 were obligations under finance leases, guaranteed and secured, and approximately S\$750,000 were obligations under bank borrowings that were unguaranteed and unsecured.

Lease liabilities

As at 30 September 2020, the Group had total lease liabilities of approximately S\$14.1 million that were unguaranteed and secured by certain rental deposits or bankers' guarantee.

Unutilised banking facilities

As at 30 September 2020, the Group had aggregate unutilised banking facilities of approximately S\$6.3 million, of which approximately S\$2.5 million were secured by debenture creating a fixed and floating charge over all present and future property and assets of a fellow subsidiary Buylateral Group Pte. Ltd..

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, as at 30 September 2020, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account the financial resources available to the Group, including cash flow generated from its business operation, available cash and bank balances as well as the available banking facilities, the working capital available to the Group will be sufficient for its requirements for at least 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP**U.S. Furniture Sales**

Our e-commerce business in the U.S. furniture sales segment has enjoyed credible growth in the first half of FY2020 as a result of consumers focusing on buying online during the relevant lock-down period. While we are cautiously optimistic of our growth prospects, we are mindful that the U.S. is in a serious economic recession caused by the ongoing COVID-19 pandemic and the continuing effects of the ongoing geopolitical and trade tensions between the U.S. and China which has caused downward pressure on our product gross margins.

We are actively reviewing our product pricing and sourcing strategies, as a result of tariffs imposed on goods manufactured in China which has led to product cost and selling price increases. As we maintain an asset light strategy, we are able to source from non-tariff countries provided they are competitive and do not have any supply chain disruption caused by COVID-19 lock down. We will increase our efforts to support our e-commerce customers in growing the Canada market while we continue to invest in marketing and promotion activities and expand our product range to cater to different market segments and needs of consumer.

Furniture Sales

The COVID-19 outbreak has caused the Singapore economy to fall into a serious recession, in line with the global economy, causing business and consumer sentiments to turn cautious. We anticipate a challenging operating environment for our furniture sales segment for FY2020. While the sales of consumer durables tends to be affected in periods of economic uncertainty as consumers are able to put off their purchases, the Group will continue to do its best to reach out to its customers through active digital marketing campaigns and sharpen its price points to meet customer needs.

Interior Design

Our interior design segment has been affected by COVID-19 outbreak as many projects and jobs have had to stop work due to the circuit-break measures in place from April to June 2020. Nevertheless, with the current jobs and enquiries on hand, together with our good reputation for quality design and work, we anticipate that this business segment will contribute positively to the Group in FY2020.

In conclusion, in light of a slowdown and uncertainty in the Singapore and global economy, we will adopt a cautious and prudent approach in implementing our expansion and growth plans for all our segments. The Group will focus on its growth strategies on the U.S. market with the intention of capitalising on the increasing e-commerce penetration and usage in the U.S..

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Appendix 10 to the Listing Rules, were as follows:

Name of director	Nature of interests	Number of		Approximate percentage of the total issued Shares (Note 4)
		Shares held	Position	
Mr. Goon Eu Jin Terence	Interest in a controlled corporation (Note 1)	900,000,000	Long	45%
Ms. Wee Ai Quey	Interest in a controlled corporation (Note 1)	900,000,000	Long	45%
Mr. Kho Chuan Thye Patrick	Beneficial owner and interest in a controlled corporation (Notes 2 and 3)	600,000,000	Long	30%

Notes:

1. Nobel Design International Limited beneficially owned 900,000,000 Shares. It is an investment holding company incorporated in British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the Shares held by Nobel Design International Limited.

2. Mr. Kho Chuan Thye Patrick, a non-executive Director, directly holds 300,000,000 Shares, representing 15% of the total issued Shares.
3. Southern Cross Holdings Pte Ltd beneficially owned 300,000,000 Shares. It is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick is deemed to be interested in the Shares held by Southern Cross Holdings Pte Ltd.
4. The calculation is based on the total issued 2,000,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, other than the interests of a Director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations" above, the following persons (not being a Director or the chief executive officer of the Company) have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register to be kept by the Company under Section 336 of the SFO:

Name	Capacity/ Nature of interests	Position	Number of Shares held	Approximate percentage of the total issued Shares (Note 7)
Nobel Design International Limited (Note 1)	Beneficial owner	Long	900,000,000	45%
Ms. Beh Pur-Lin Elaine (Notes 1 and 2)	Interest of spouse	Long	900,000,000	45%
Mr. Tan Thiam Siew (Notes 1 and 3)	Interest of spouse	Long	900,000,000	45%
Southern Cross Holdings Pte Ltd (Note 4)	Beneficial owner	Long	300,000,000	15%

Name	Capacity/ Nature of interests	Position	Number of Shares held	Approximate percentage of the total issued Shares (Note 7)
Ms. Yuen Woon Siew Marilyn (Notes 4 and 5)	Interest of spouse	Long	300,000,000	15%
Ms. Sng Su Ying Marian (Notes 4 and 6)	Interest of spouse	Long	600,000,000	30%
Lian Huat Group Pte. Ltd. (Note 4)	Interest in a controlled corporation	Long	300,000,000	15%
Lian Keng Enterprises Pte. Ltd. (Note 4)	Interest in a controlled corporation	Long	300,000,000	15%
Mr. Kho Choon Keng (Note 4)	Interest in a controlled corporation	Long	300,000,000	15%

Notes:

1. Nobel Design International Limited is an investment holding company incorporated in the British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the Shares held by Nobel Design International Limited. Each of Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey is a director of Nobel Design International Limited.
2. Ms. Beh Pur-Lin Elaine is the spouse of Mr. Goon Eu Jin Terence and is therefore deemed to be interested in the Shares in which Mr. Goon Eu Jin Terence is deemed to have interest under the SFO.
3. Mr. Tan Thiam Siew is the spouse of Ms. Wee Ai Quey and is therefore deemed to be interested in the Shares in which Ms. Wee Ai Quey is deemed to have interest under the SFO.
4. Southern Cross Holdings Pte Ltd is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick and Mr. Kho Choon Keng are deemed to be interested in the Shares held by Southern Cross Holdings Pte Ltd.. Mr. Kho Chuan Thye Patrick is a director of Southern Cross Holdings Pte Ltd.
5. Ms. Yuen Woon Siew Marilyn is the spouse of Mr. Kho Choon Keng and is therefore deemed to be interested in the Shares in which Mr. Kho Choon Keng is deemed to have interest under the SFO.
6. Ms. Sng Su Ying Marian is the spouse of Mr. Kho Chuan Thye Patrick and is therefore deemed to be interested in the Shares in which Mr. Kho Chuan Thye Patrick is deemed to have interest under the SFO.
7. As at the Latest Practicable Date, the total number of issued Shares of the Company was 2,000,000,000.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors, had any interest, direct or indirect, in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting which any Director was materially interested, and which was significant in relation to the business of the Group.

6. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within two years preceding the issue date of this circular and ending on the Latest Practicable Date, which are or may be material in relation to the business of the Group as a whole:

1. the deed of indemnity dated 29 March 2019 and executed by Nobel Design International Limited, Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey in favour of the Group in respect of taxation and other indemnities, details of which have been set out in the Prospectus;
2. the deed of non-competition dated 29 March 2019 and executed by Nobel Design International Limited, Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey in favour of the Group containing certain non-competition undertakings to the Group, details of which have been set out in the Prospectus;
3. the cornerstone investment agreement dated 4 April 2019 and entered into between the Company, 2E Capital Pte. Limited and Southwest Securities (HK) Brokerage Limited, pursuant to which 2E Capital Pte. Limited agreed to subscribe for the Shares at the offer price in the total subscription amount of HK\$23,000,000;

4. the public offer underwriting agreement dated 10 April 2019 and entered into by, amongst others, the Company, Nobel Design International Limited, Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey, the executive Directors, Southwest Securities (HK) Capital Limited (as the sole sponsor), Southwest Securities (HK) Brokerage Limited, Ruibang Securities Limited and Central China International Capital Limited (as the joint global coordinators), and Southwest Securities (HK) Brokerage Limited, Ruibang Securities Limited, Central China International Capital Limited, Yuanta Securities (Hong Kong) Company Limited, Emperor Securities Limited, Chuenman Securities Limited and Aristo Securities Limited (as the public offer underwriters) with respect to the public offer of the Company, in respect of the Company's public offer of new Shares, details of which have been set out in the Prospectus;
5. the Lease Agreement dated 26 August 2019 and entered into between the Tenant and TA Realty, LLC for the lease of the Property with the original term of 126 full calendar months from 1 January 2020 to 30 June 2030 at a total base rental of approximately US\$10,213,769 (equivalent to approximately HK\$79,156,709), details of which are set out in the announcement of the Company dated 6 May 2020;
6. the Reimbursement Agreement dated 7 July 2020 and entered into between the Tenant and Realty Fund in respect of, *inter alia*, the Works to be performed and sums expended in relation to the Property, which provided that if either the Realty Fund or the Tenant, within 90 days after 7 July 2020, being the date of the Reimbursement Agreement, (i) elects not to sign and return the First Amendment Agreement to the other Party; or (ii) elects to otherwise not proceed with the First Amendment Agreement, the Tenant shall pay the Realty Fund all Realty Fund's third party out-of-pocket costs, expenses, fees and charges estimated to be approximately US\$100,000, and the construction management fee due to the Realty Fund's property manager incurred and/or invoiced in connection with the planning, permitting and completion of the Works (which shall not exceed 3% of the total costs, expenses, fees and charges associated with the Works), details of which are set out in the announcement of the Company dated 8 July 2020; and
7. the First Amendment Agreement.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

9. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Controlling Shareholders or their respective associates (as defined in the Listing Rules) had any interests (other than their interests in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

10. MISCELLANEOUS

1. The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands.
2. The principal place of business and headquarters of the Company in Singapore is 130 Joo Seng Road #07-05 Singapore 368357.
3. The principal place of business of the Company in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
4. The company secretary of the Company is Ms. Cheung Chit San, a Chartered Secretary and an associate of both The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators (now known as The Chartered both Governance Institute) in the United Kingdom. She was also awarded the Chartered Governance Professional qualification of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries in September 2018.
5. The Hong Kong branch registrar of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
6. This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following will be available for inspection during normal business hours (other than Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of financial year ended 31 December 2018 and 31 December 2019;
- (c) a copy of each of the material contracts as set out in the section headed "Material Contracts" in this Appendix; and
- (d) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Design Capital Limited

設計都會有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1545)

Notice is hereby given that the Extraordinary General Meeting of Design Capital Limited (the “**Company**”) will be held at 130 Joo Seng Road #07-05 Singapore 368357 on Monday, 30 November 2020 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

“THAT:

- (a) the First Amendment Agreement dated 8 September 2020 and entered into between Target Marketing Systems, Inc. (an indirect subsidiary of the Company) and The Realty Associates Fund XII Portfolio, L.P., pursuant to which the parties have agreed to amend certain terms of the lease agreement (“**Lease Agreement**”) dated 26 August 2019 and entered into between Target Marketing Systems, Inc. and TA Realty, LLC, the terms thereof and the transactions contemplated thereunder, a copy of which marked “A” has been produced at the meeting and signed by a director of the Company for identification purpose, be and hereby approved, confirmed and ratified; and
- (b) any one Director of the Company be and is hereby authorised to take such actions and execute such documents as he may consider necessary or desirable to carry out and complete the transactions contemplated under the First Amendment Agreement and the Lease Agreement (as amended and supplemented by the First Amendment Agreement).”

On Behalf of the Board
Design Capital Limited
Goon Eu Jin Terence
Chairman and Executive Director

Hong Kong, 13 November 2020

Registered Office:

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111, Cayman Islands

Principal Place of Business and Headquarters in Singapore:

130 Joo Seng Road, #07-05, Singapore 368357

Principal Place of Business in Hong Kong:

Level 54
Hopewell Centre
183 Queen’s Road East, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Saturday, 28 November 2020) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the forthcoming Extraordinary General Meeting to be held on Monday, 30 November 2020. However, in order to qualify for attending and voting at the forthcoming Extraordinary General Meeting, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 November 2020.
5. Considering the outbreak of the novel coronavirus (COVID-19), certain measures will be implemented at the Extraordinary General Meeting with a view to addressing the risk to attendees of infection, including the following:
 - a) all attendees will be required to undergo body temperature check;
 - b) all attendees will be required to complete a health declaration form, which may be used for contact tracing, if required;
 - c) any attendees who are subject to health quarantine prescribed by the Government of Singapore will not be admitted to the venue of the Extraordinary General Meeting;
 - d) all attendees will be required to wear surgical face masks throughout the Extraordinary General Meeting;
 - e) each attendee will be assigned a designated seat at the time of registration to ensure social distancing;
 - f) any person who does not comply with the measures above may be denied entry into, or be required to leave, the venue of the Extraordinary General Meeting;
 - g) no refreshments or beverages will be provided, and there will be no corporate gifts.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. The Company reminds Shareholders that they should carefully consider the risks of attending the Extraordinary General Meeting, taking into account their own personal circumstances. The Company would like to remind Shareholders that **physical attendance in person at the Extraordinary General Meeting is not necessary for the purpose of exercising their voting rights** and strongly recommends that Shareholders **appoint the Chairman of the Extraordinary General Meeting as their proxy** and submit their form of proxy as early as possible. In light of the risks posed by the COVID-19, the Company **strongly encourages Shareholders NOT to attend the Extraordinary General Meeting in person.**
7. The Company will keep the evolving COVID-19 situation under review and may implement additional measures (which it will announce closer to the date of the Extraordinary General Meeting).