CENTURION CORPORATION LIMITED

勝捷企業有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Co. Reg. No. : 198401088W)

(SGX Stock Code: OU8)

(SEHK Stock Code: 6090)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020

**For identification purpose only*

Unaudited Half Year Financial Statements and Dividend Announcement for the Period Ended 30 June 2020

The board (the “Board”) of directors (the “Directors”) of Centurion Corporation Limited (“Centurion” or the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the period ended 30 June 2020, together with the comparative figures for the period ended 30 June 2019 as follows:

*Unaudited consolidated results for the second quarter ended 30 June 2020 ("2Q 2020") are included in this announcement, together with the comparative figures for the corresponding period last year, to provide clarity and transparency relating to the impact of Novel Coronavirus ("COVID-19"), which have been recorded in 2Q 2020.

1) Consolidated Income Statement

	Group *Second quarter ended 30 June			Group Half year ended 30 June		
	2020 $ '000	**2019 $ '000**	**Change %**	**2020 $ '000**	**2019 $ '000**	**Change %**
Revenue	31,103	32,907	(5)	66,590	64,192	4
Cost of sales	(9,276)	(8,251)	12	(18,523)	(17,198)	8
Gross profit	21,827	24,656	(11)	48,067	46,994	2
Other income and gains	1,863	462	N/M	2,344	657	N/M
Expenses						
- Distribution expenses	(317)	(226)	40	(666)	(556)	20
- Administrative expenses	(6,725)	(5,931)	13	(13,163)	(11,171)	18
- Finance expenses	(5,543)	(7,052)	(21)	(12,239)	(14,468)	(15)
Share of profit of associated companies and joint venture	1,486	1,425	4	3,606	2,900	24
Profit before income tax	12,591	13,334	(6)	27,949	24,356	15
Income tax expense	(1,975)	(1,869)	6	(4,064)	(3,798)	7
Total profit	10,616	11,465	(7)	23,885	20,558	16
Profit attributable to:						
Equity holders of the Company	9,128	10,191	(10)	21,005	18,067	16
Non-controlling interests	1,488	1,274	17	2,880	2,491	16
Total profit	10,616	11,465	(7)	23,885	20,558	16

2) Consolidated Statement of Comprehensive Income

	*Second quarter ended 30 June			Half year ended 30 June		
	2020 $ '000	2019 $ '000	Change %	2020 $ '000	2019 $ '000	Change %
Total profit	10,616	11,465	(7)	23,885	20,558	16
Items that may be reclassified subsequently to profit or loss:						
Currency translation gains/(losses) arising from consolidation	3,415	(8,016)	N/M	(5,744)	(4,453)	29
Share of other comprehensive (loss)/income of associated companies and joint venture	(1,105)	(605)	83	942	(578)	N/M
Cash flow hedges						
- Fair value losses	(3,062)	(1,118)	N/M	(5,997)	(1,118)	N/M
- Reclassification	517	-	N/M	638	-	N/M
Financial assets at fair value through other comprehensive income ("FVOCI") - debt instruments						
- Fair value (losses)/gains	(42)	53	N/M	(310)	329	N/M
- Reclassification	5	-	N/M	34	150	N/M
Other comprehensive loss, net of tax	(272)	(9,686)	(97)	(10,437)	(5,670)	84
Total comprehensive income	10,344	1,779	N/M	13,448	14,888	(10)
Total comprehensive income attributable to:						
Equity holders of the Company	8,855	501	N/M	10,557	12,387	(15)
Non-controlling interests	1,489	1,278	17	2,891	2,501	16
Total comprehensive income	10,344	1,779	N/M	13,448	14,888	(10)

N/M : Not meaningful

3) Balance Sheets

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	$ '000	$ '000	$ '000	$ '000
Current assets				
Cash and bank balances	65,082	48,588	25,531	14,903
Trade and other receivables	9,387	8,060	21,243	21,229
Inventories	67	44	-	-
Other assets	8,013	6,748	464	236
Financial assets, at FVOCI	8,723	9,165	8,723	9,165
	91,272	72,605	55,961	45,533
Assets held for sale	10,241	5,447	-	-
	101,513	78,052	55,961	45,533
Non-current assets				
Trade and other receivables	-	-	370,408	372,329
Other assets	994	994	130	130
Financial assets, at fair value through profit or loss	152	156	-	-
Investments in associated companies	111,796	108,918	1,298	1,298
Investment in a joint venture	4,728	4,819	-	-
Investments in subsidiaries	-	-	16,645	16,645
Investment properties	1,263,897	1,275,879	-	-
Property, plant & equipment	8,864	10,149	1,361	1,631
	1,390,431	1,400,915	389,842	392,033
Total assets	**1,491,944**	**1,478,967**	**445,803**	**437,566**
Current liabilities				
Trade and other payables	(38,799)	(40,496)	(16,440)	(11,655)
Current income tax liabilities	(10,117)	(7,092)	(1,047)	(896)
Borrowings	(32,059)	(55,780)	(6,503)	(6,280)
Lease liabilities	(6,922)	(6,738)	(486)	(478)
	(87,897)	(110,106)	(24,476)	(19,309)
Non-current liabilities				
Derivative financial instruments	(6,997)	(1,638)	(675)	(276)
Other liabilities	(116)	(131)	-	-
Deferred income tax liabilities	(9,847)	(9,796)	(67)	(81)
Borrowings	(711,505)	(683,259)	(143,326)	(135,428)
Lease liabilities	(56,679)	(60,172)	(676)	(921)
	(785,144)	(754,996)	(144,744)	(136,706)
Total liabilities	**(873,041)**	**(865,102)**	**(169,220)**	**(156,015)**
Net assets	**618,903**	**613,865**	**276,583**	**281,551**
Equity				
Share capital	142,242	142,242	253,553	253,553
Other reserves	(41,580)	(31,132)	(1,100)	(425)
Retained profits	493,676	481,081	24,130	28,423
	594,338	592,191	276,583	281,551
Non-controlling interests	24,565	21,674	-	-
Total equity	**618,903**	**613,865**	**276,583**	**281,551**
Gearing ratio*	55%	55%		
Net gearing ratio**	50%	51%		

* The gearing ratio is computed as borrowings divided by total capital. Total capital is calculated as borrowings plus net assets of the Group.

** The net gearing ratio is computed as borrowings less cash and bank balances divided by total capital.

4) Consolidated Statement of Cash Flows

	Half year ended 30 June	
	2020	2019
	$ '000	$ '000
Total profit	23,885	20,558
Adjustment for:		
Income tax expense	4,064	3,798
Depreciation	1,726	1,451
Allowance for impairment of trade and other receivables	1,476	52
Net loss on disposal of property, plant and equipment	3	57
Interest income	(444)	(631)
Finance expenses	12,239	14,468
Share of profit of associated companies and joint venture	(3,606)	(2,900)
Loss on disposal of financial assets, at FVOCI	34	150
Unrealised currency translation differences	(22)	(65)
Operating cash flow before working capital changes	39,355	36,938
Change in working capital		
Inventories	(23)	2
Trade and other receivables	(2,815)	3,665
Other assets	(1,594)	49
Trade and other payables	(2,020)	(9,484)
Cash generated from operations	32,903	31,170
Income tax paid	(729)	(3,805)
Net cash provided by operating activities	32,174	27,365
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4	92
Proceeds from disposal of financial assets, at FVOCI	2,500	-
Additions to investment properties	(1,592)	(5,369)
Purchases of property, plant and equipment	(728)	(727)
Purchase of financial assets, at FVOCI	(2,250)	-
Interest received	457	582
Dividends received from associated companies	1,761	4,744
Deposits refunded for acquisition of investment property	921	-
Short term bank deposits released as security to bank	16	18
Net cash provided by/(used in) investing activities	1,089	(660)
Cash flows from financing activities		
Proceeds from borrowings	22,277	44,470
Repayment of borrowings	(13,819)	(57,277)
Interest paid on borrowings	(11,082)	(13,309)
Dividends paid to equity holders of the Company	(8,410)	(8,408)
Loan from non-controlling interests	-	300
Repayment of loan to associated company	-	(861)
Interest paid on lease liabilities	(1,150)	(689)
Repayment of principal portion of lease liabilities	(3,381)	(1,799)
Net cash used in financing activities	(15,565)	(37,573)
Net increase/(decrease) in cash and cash equivalents held	17,698	(10,868)
Cash and cash equivalents at beginning of the period	46,378	61,358
Effects of currency translation on cash and cash equivalents	(252)	(224)
Cash and cash equivalents at end of the period	63,824	50,266

* The consolidated cash and cash equivalents comprise the following:

Cash and bank balances	65,082	51,818
Restricted cash and short-term bank deposits charged as security to bank	(1,258)	(1,552)
	63,824	50,266

5) Consolidated Statement of Changes in Equity

GROUP 2020	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
	← Attributable to equity holders of the Company →					
Balance as at 1 Jan 2020	142,242	(31,132)	481,081	592,191	21,674	613,865
Dividends relating to 2019 paid	-	-	(8,410)	(8,410)	-	(8,410)
Profit for the period	-	-	21,005	21,005	2,880	23,885
Other comprehensive loss for the period	-	(10,448)	-	(10,448)	11	(10,437)
Balance as at 30 Jun 2020	**142,242**	**(41,580)**	**493,676**	**594,338**	**24,565**	**618,903**

GROUP 2019	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance as at 1 Jan 2019	142,242	(32,536)	397,609	507,315	17,636	524,951
Dividends relating to 2018 paid	-	-	(8,408)	(8,408)	-	(8,408)
Acquisition of additional shares in a subsidiary from non-controlling interest	-	(202)	-	(202)	202	-
Profit for the period	-	-	18,067	18,067	2,491	20,558
Other comprehensive loss for the period	-	(5,680)	-	(5,680)	10	(5,670)
Balance as at 30 Jun 2019	**142,242**	**(38,418)**	**407,268**	**511,092**	**20,339**	**531,431**

COMPANY 2020	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total $'000
Balance as at 1 Jan 2020	253,553	(425)	28,423	281,551
Dividends relating to 2019 paid	-	-	(8,410)	(8,410)
Profit for the period	-	-	4,117	4,117
Other comprehensive loss for the period	-	(675)	-	(675)
Balance as at 30 Jun 2020	**253,553**	**(1,100)**	**24,130**	**276,583**

COMPANY 2019	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total $'000
Balance as at 1 Jan 2019	253,553	(557)	17,942	270,938
Dividends relating to 2018 paid	-	-	(8,408)	(8,408)
Profit for the period	-	-	19,820	19,820
Other comprehensive gain for the period	-	133	-	133
Balance as at 30 Jun 2019	**253,553**	**(424)**	**29,354**	**282,483**

6) Segment Information

Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding period

The business of the Group is organised into the following business segments:
a) Workers Accommodation
b) Student Accommodation
c) Others

Six months ended 30 June 2020	Workers Accommodation $'000	Student Accommodation $'000	Others $'000	Total $'000
Sales to external parties	45,172	21,068	350	66,590
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	1,456	503	327	2,286
- Over time	337	832	-	1,169
	1,793	1,335	327	3,455
Segment results	27,010	9,125	3	36,138
Finance expense	(7,561)	(4,678)	-	(12,239)
Interest income				444
Share of profit of associated companies and joint venture	2,545	1,039	22	3,606
Profit before tax				27,949
Income tax expense				(4,064)
Net profit				23,885
As at 30 June 2020				
Segment assets	802,073	516,956	6,153	1,325,182
Short-term bank deposits				41,165
Financial assets, at FVOCI				8,723
Tax recoverable				350
Investments in associated companies	78,029	32,629	1,138	111,796
Investment in a joint venture	-	4,728	-	4,728
Consolidated total assets				1,491,944
Segment liabilities	87,595	21,554	364	109,513
Borrowings	438,706	304,858	-	743,564
Current income tax liabilities				10,117
Deferred income tax liabilities				9,847
Consolidated total liabilities				873,041
Other segment items:				
Capital expenditure	1,277	753	-	2,030
Depreciation	1,127	582	17	1,726

	Workers Accommodation	Student Accommodation	Others	Total
Six months ended 30 June 2019	$'000	$'000	$'000	$'000
Sales to external parties	40,479	22,992	721	64,192
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	2,129	841	593	3,563
- Over time	339	768	-	1,107
	2,468	1,609	593	4,670
Segment results	25,273	9,825	195	35,293
Finance expense	(9,490)	(4,977)	(1)	(14,468)
Interest income				631
Share of profit/(loss) of associated companies and joint venture	2,614	364	(78)	2,900
Profit before tax				24,356
Income tax expense				(3,798)
Net profit				20,558
As at 31 December 2019				
Segment assets	796,522	528,172	6,081	1,330,775
Short-term bank deposits				24,611
Financial assets, at FVOCI				9,165
Tax recoverable				679
Investments in associated companies	77,245	30,555	1,118	108,918
Investment in a joint venture	-	4,819	-	4,819
Consolidated total assets				1,478,967
Segment liabilities	82,792	26,220	163	109,175
Borrowings	453,165	285,874	-	739,039
Current income tax liabilities				7,092
Deferred income tax liabilities				9,796
Consolidated total liabilities				865,102
Other segment items:				
Capital expenditure	5,682	35,778	-	41,460
Depreciation	2,040	1,038	35	3,113

7) NOTES TO THE UNAUDITED HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

a) General information

Centurion is incorporated and domiciled in the Republic of Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Hong Kong Limited ("SEHK"). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S$'000) unless otherwise stated.

b) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The financial statements of the Company and the Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") under the historical cost convention.

For the purpose of SFRS(I), financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as "IFRS" in these financial statements, unless specified otherwise.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except where new or amended IFRS or SFRS(I) and Interpretation to FRS ("INT FRS") became effective from this financial year.

c) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There are no significant changes in the Group's accounting policies and methods of computation nor any significant impact on the financial statements.

d) Revenue

	Group 2020 $ '000	Half year ended 30 June 2019 $ '000	Change %
Rental income from investment properties	63,135	59,522	6
<u>Revenue from contracts with customers (IFRS15)</u>			
Other revenue from accommodation business	1,959	2,970	(34)
Sales of optical storage media	327	593	(45)
Management services	1,169	1,107	6
Total revenue	66,590	64,192	4

e) Revenue and profit breakdown

	Group 2020 $ '000	Half year ended 30 June 2019 $ '000	Change %
<u>Continuing operation:</u>			
(a) Revenue reported for first half year	66,590	64,192	4
(b) Profit after tax reported for first half year	23,885	20,558	16

f) Other income and gains - net

	Group 2020 $ '000	Half year ended 30 June 2019 $ '000	Change %
Interest income	444	631	(30)
Currency exchange gain/(loss) - net	153	(3)	N/M
Net loss on disposal of plant and equipment	(3)	(57)	(95)
Government grants income	1,890	59	N/M
Government grants expense	(192)	-	N/M
Financial assets, at FVOCI			
- reclassification from other comprehensive income on disposal	(34)	(150)	N/M
Others	86	177	N/M
	2,344	657	N/M

g) Income tax expense

	Group 2020 $ '000	Half year ended 30 June 2019 $ '000	Change %
Tax expense attributable to the profit is made up of:			
- Profit for the financial period			
Current income tax	4,116	3,820	8
Deferred income tax	2	(43)	N/M
	4,118	3,777	9
- (Over)/under provision in prior financial period			
Current income tax	(50)	(78)	(36)
Deferred income tax	(4)	99	N/M
	4,064	3,798	7

h) Other information on Income Statement

	Group Half year ended 30 June		
	2020 $ '000	2019 $ '000	Change %
Depreciation	(1,726)	(1,451)	19
Allowance for impairment of trade and other receivables	(1,476)	(52)	N/M

i) Trade and other receivables

Trade receivables primarily consisted of the trade receivables from non-related parties i.e.customers.

The majority of the group's sales are on cash terms. The remaining overdue amounts, were mainly due to some customers requesting for a delay in payment and we allow them for deferred settlement of up to 30 days (for workers and student accommodation) or up to 90 days (for commercial tenants of student accommodations and optical disc business), as the case may be, after considering the requesting customer's rental deposit balance, payment history and financial situation, in order to maintain long term relationships with the customers.

The ageing analysis of trade receivables based on invoice date is as follows:

	Group	
	30 Jun 2020 $ '000	31 Dec 2019 $ '000
Up to 3 months	5,118	3,057
3 to 6 months	254	446
Over 6 months	776	689
	6,148	4,192
Less: Cumulative allowance for impairment	(2,348)	(883)
	3,800	3,309

j) Trade and other payables

Trade payables mainly comprised payables to utilities, suppliers of consumables and services.

Trade payables that are aged over 3 months were mainly due to liabilities recognised but under negotiation with suppliers over payment or goods/services delivered. Our trade payables were due according to the terms on the relevant contracts. In general, our suppliers grant us a credit term of cash terms of up to 30 days and we settle our payment by cheque or bank transfer.

The ageing analysis of trade payables based on invoice date is as follows:

	Group	
	30 Jun 2020 $ '000	31 Dec 2019 $ '000
Up to 3 months	1,843	1,644
3 to 6 months	431	90
Over 6 months	331	417
	2,605	2,151

N/M: Not meaningful

k) Group's borrowings

(i) Amount repayable in one year or less, or on demand

	Group 30 Jun 2020 $'000	Group 31 Dec 2019 $'000
Secured	23,456	46,492
Unsecured	8,603	9,288
Sub Total	**32,059**	**55,780**

(ii) Amount repayable after one year

	Group 30 Jun 2020 $'000	Group 31 Dec 2019 $'000
Secured	548,802	529,361
Unsecured	162,703	153,898
Sub Total	**711,505**	**683,259**
Total borrowings	**743,564**	**739,039**

(iii) Details of any collateral

The Group's secured borrowings include bank borrowings and lease liabilities. The borrowings are secured by fixed charges over certain bank deposits, investment properties and assets held for sale of the subsidiaries.

l) Share capital and treasury shares

<u>**Share capital**</u>	Company No. of shares issued	Group Share capital $ '000	Company Share capital $ '000
Beginning and end of financial period	840,778,624	142,242	253,553

	Company 30 Jun 2020	Company 31 Dec 2019
Total number of issued shares excluding treasury shares	840,778,624	840,778,624

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

There was no share buy-back since the end of the previous financial year.

<u>**Share options, warrants and convertibles**</u>

As at 30 June 2020 and 30 June 2019, the Company did not have any employee share option scheme and has no outstanding options, warrants or convertibles.

<u>**Treasury shares and subsidiary holdings**</u>

	Company As at 30 Jun 2020	Company As at 30 Jun 2019
Number of shares held as treasury shares	-	-
Number of subsidiary holdings	-	-
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0%	0%

There were no sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period.

m) Purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares

There was no purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares during the period ended 30 June 2020.

8. Group Performance Review

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Unaudited consolidated results for the second quarter ended 30 June 2020 are included in this announcement, together with the comparative figures for the corresponding period last year, to provide clarity and transparency relating to the impact of COVID-19, which have been recorded in 2Q 2020.

(a)(i) Second quarter review - 2Q 2020 vs 2Q 2019

For 2Q 2020, the Group's revenue reduced 5% to S$31.1 million from S$32.9 million in the quarter ended 30 June 2019 ("2Q 2019"), while net profit after tax was S$10.6 million, a reduction of S$0.9 million or 7% year-on-year.

The lower revenue was mainly due to 2 months' impact from the early lease termination allowed for student accommodation portfolio in the United Kingdom (the "UK") starting from 1 May 2020 for the final semester of UK Academic Year 2019-2020 ("AY19-20"), as well as lower occupancy in dwell Village Melbourne City (formerly known as RMIT Village), Australia resulting from movement restrictions imposed to contain the spread of COVID-19. This reduction in revenue was mitigated by revenue contribution from newly-added workers accommodation assets, namely Westlite Juniper in Singapore which commenced operations in 3Q 2019, and student accommodation, namely dwell Archer House in the UK which commenced operations in 4Q 2019.

The Group's gross profit reduced by 11% year-on-year, from S$24.7 million in 2Q 2019 to S$21.8 million in 2Q 2020 mainly due to reduced revenue and additional operating expenses, which included additional manpower cost and cost relating to COVID-19 precautionary measures of S$1.3 million incurred to manage the COVID-19 situation, substantially in the workers accommodation.

Other income and gains increased by S$1.4 million largely attributed to various government support schemes for businesses in the current uncertain economic climate, in various jurisdictions where the Group operates.

The Group's expanded business operations resulted in an increase of S$0.1 million in distribution expenses.

Administrative expenses increased by S$0.8 million mainly due to the provision for allowance for impairment of trade receivables. With the poor economic conditions and the introduction of COVID-19 (Temporary Measures) Act 2020 in Singapore protecting the tenants, the Group have made additional provision for doubtful debts on tenants who are facing financial hardships and those with indicators of default on payments.

Finance expenses decreased by S$1.5 million in a reduced interest rate environment, as compared with 2Q 2019.

Accordingly, net profit after tax derived from the Group's operations for 2Q 2020 was S$10.6 million, 7% lower than S$11.5 million in 2Q 2019.

(a)(ii) Half year review - 1H 2020 vs 1H 2019

Despite the revenue reduction of 5% in 2Q 2020 due to COVID-19, the Group registered an overall 4% or S$2.4 million increase in revenue in the half year ended 30 June 2020 ("1H 2020"). This is because the Group's 1Q 2020 revenue, unaffected by COVID-19, had experienced a strong growth of 13% compared to the corresponding quarter last year.

Overall, the higher revenue was mainly attributable to revenue contribution from the new properties such as Westlite Juniper in Singapore, dwell Archer House in the UK as well as dwell East End Adelaide in Australia. The increase has been partially offset by a lower revenue contribution from UK student accommodation and dwell Village Melbourne City where their occupancies were affected by COVID-19 in 2Q 2020.

Gross profit for the Group in 1H 2020 increased by S$1.1 million on the back of the net increase in revenue of S$2.4 million and S$1.3 million additional expenses incurred to manage the COVID-19 situation.

Other income and gains increased by S$1.7 million largely attributed to the various government support schemes in various jurisdictions where the Group operates.

The expanded business operations and additional provision for doubtful debts of S$1.5 million resulted in an increase of S$2.0 million in administrative expenses and S$0.1 million in distribution expenses.

Due to the lower interest rate environment, finance expenses decreased by S$2.2 million compared to the six months ended 30 June 2019 ("1H 2019").

Share of profit of associated companies and joint venture increased by S$0.7 million in 1H 2020 mainly due to higher contribution from the Centurion US Student Housing Fund.

The Group's net profit of S$23.9 million in 1H 2020 was S$3.3 million higher compared to S$20.6 million in 1H 2019. This was substantially due to higher contributions from the new properties and lower interest expense.

(b) Review of Group Balance Sheet

Assets

Net cash generated from the operating activities, loan principal moratorium as well as proceeds from borrowings led to S$16.5 million increase in cash and bank balances, which stood at S$65.1 million as at 30 June 2020. Please refer to (d) for review of the Group's cash flow statements for more details.

Assets held for sale increased by S$4.8 million as the Group's industrial property in Shanghai, China was put up for sale. The Group has entered into a sales and purchase agreement with the buyer subject to certain conditions to be fulfilled before completion which is expected to be in 4Q 2020.

Investments in associated companies increased S$2.9 million mainly due to the share of profit of associated companies.

Investment properties were reduced by S$12.0 million largely due to exchange translation on the Group's student assets in the UK where the local currency has weakened against the Singapore dollar and the transfer of the industrial property in China to Assets Held for Sale.

The value of the investment properties of the Group as at 30 June 2020 are based on independent valuations as at 31 December 2019. An internal assessment was conducted on the Group's Investment properties for any material impact to its fair value as at 30 June 2020 due to COVID-19. Independent market data and information for purpose-built student accommodation ("PBSA") and purpose-built workers accommodation ("PBWA") particularly the major inputs used for valuation such as capitalization rates and market rental rates as at 30 June 2020 were obtained. No significant movements of the valuation inputs were observed. While there is a lack of visibility regarding future cash flows due to occupancy rates, the effect on COVID-19 is expected to be temporary. Based on the assessment supported with latest information on key inputs, no material changes in the valuation of the investment properties is expected arising from COVID-19. In line with its normal valuation process, the Group engages independent valuers to conduct annually at the end of the financial year and shall continue with this practice.

Current income tax liabilities increased by S$3.0 million as tax authorities in countries where the Group operates have allowed for deferment of tax instalments.

The Group purchased interest rate swaps to hedge its floating interest rate risk on its bank borrowings. Due to the reduction in interest rates, a fair value loss on the cash flow hedges of S$6.0 million was recognized on the comprehensive income during the period of 1H 2020, which largely accounted for the S$5.4 million increase in derivative financial instruments as at 30 June 2020.

Borrowings & Gearing

The Group's net gearing ratio was 50% as at 30 June 2020, an improvement from 51% as at 31 December 2019. The Group's operating assets are primarily funded through bank borrowings, which have an average remaining maturity profile of seven years. The Group uses long term bank debt with regular principal repayments to finance its long-term assets.

As at 30 June 2020, the Group's balance sheet remained healthy with S$65.1 million in cash and bank balances.

(c) Review of Company Balance Sheet

Proceeds from bank borrowings and intercompany settlement has resulted in an increase in cash and bank balances, trade and other payables as well as non-current borrowings.

(d) Review of Statement of Cash Flows

In 1H 2020, the Group generated positive cash flow of S$32.2 million from operating activities.

Net cash provided by investing activities amounted to S$1.1 million, mainly due to the proceeds from matured fixed rate notes.

The Group recorded net cash used in financing activities of S$15.6 million for repayment of borrowings, interest paid as well as dividends paid to the shareholders.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of S$17.7 million in 1H 2020.

9. (a) Earnings per share

	Group Half year ended 30 Jun 2020	2019
Net profit attributable to equity holders of the Company (S$'000)	21,005	18,067
Net profit from core business operations attributable to equity holders of the Company (S$'000)	21,005	18,067
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,779	840,779
Earnings per ordinary share:		
(i) Basic earnings per share (cents)	2.50	2.15
(ii) Diluted earnings per share (cents)	2.50	2.15
Earnings per ordinary share based on core business operations:		
(i) Basic earnings per share (cents)	2.50	2.15
(ii) Diluted earnings per share (cents)	2.50	2.15

(b) Net asset value

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share (see note below)	70.69 cents	70.43 cents	32.90 cents	33.49 cents

Note:
The Group's and Company's net asset value per ordinary share is calculated based on the Company's total number of issued shares (excluding treasury shares) of 840,778,624 ordinary shares as at 30 June 2020 and 31 December 2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group's PBWA and PBSA businesses, like other businesses, have been disrupted by COVID-19. While the Group recorded increases in revenue and profits in 1H 2020 as compared to the same period last year, it has also experienced pressures across the Group's geographies, since 2Q 2020.

Travel bans and movement restrictions, as well as the stoppage of work and university on-campus programmes, have impacted operations across its markets.

Even as countries start to relax pandemic management measures, the effects on local economies are increasingly being felt. Across the markets, the Group has received requests for review of lease terms, pre-terminations, rental deferrals, waivers, discounts or rebates. With legislation of temporary rent protection for tenants being enacted in various jurisdictions, delinquencies in receivables have risen and are expected to increase further in the coming months considering economic uncertainties.

To mitigate the impact, the Group is tapping relief packages rolled out by the various governments in the different countries where the Group operates. Additionally, the Group has approached its bankers to provide moratoria on principal repayments and grant additional working capital facilities. These requests have generally been well-supported by the banks.

At the same time, Centurion is taking proactive steps to conserve cash by implementing stricter cost management measures and deferring capital expenditure, where sensible. Expansion plans and non-essential development projects have been put on hold, and the Group will wait for the COVID-19 pandemic situation to stabilise, before re-evaluating expansion plans and recalibrating them according to market situations.

As at 30 June 2020, The Group has a gearing ratio of 50% and a well staggered debt maturity profile of average 7 years. Based on the total cash and unutilised committed credit facilities of S$167.2 million, the Group has sufficient liquidity to meet its debt obligations when they fall due.

The Group continues to closely monitor and manage the COVID-19 situation and will make further announcements in the event of material changes.

Accommodation Business

As at 30 June 2020, the Group operated a diversified portfolio of 33 operational PBWA and PBSA assets comprising approximately 65,133 beds across Singapore, Malaysia, Australia, South Korea, the UK and the United States ("US").

Workers Accommodation

Despite challenges from the COVID-19 outbreak, the Group achieved stable results across its Singapore and Malaysia PBWA portfolio for 1H 2020, with an average occupancy rate of 88.5%.

With continued uncertainty surrounding COVID-19 and its increasing consequent effects on economies, 2Q 2020 has been impacted, and the Group expects further headwinds from COVID-19.

<u>Singapore</u>

The Group had approximately 28,000 beds across five operating PBWA assets in Singapore as at 30 June 2020, which had an average financial occupancy rate of 98.5% for 1H 2020.

However, the full economic impact of COVID-19 on the Group's Singapore PBWA portfolio remains to be seen, due to the impact of COVID-19 control measures on our employer-tenants' businesses in the short to medium-term, as well as anticipated changes in regulatory specifications for purpose-built dormitories.

The Singapore government's Circuit Breaker measures commenced 7 April 2020 and continued through 2Q 2020, and all worker dormitories in Singapore were isolated or quarantined, their Migrant Worker ("MW") residents required to stay within the dormitories at all times. During that period, the Group worked closely with the government agencies and various stakeholders, to contain the spread of COVID-19 within the MW community.

All blocks within our 5 Westlite Singapore PBWA have been declared cleared, except for 1 block each in three dormitories: Westlite Mandai, Westlite Woodlands and Westlite Toh Guan. Two of these last remaining blocks have been set aside to quarantine COVID-negative MW, being the group most vulnerable to contract the virus. In order to reduce risks to the wider community, they are required to undergo a stricter 14-day quarantine and swab tests before being cleared to resume work. The Group expects these final 3 blocks to be cleared by the middle of August 2020.

Even as the Singapore government works toward giving all worker dormitories a clean bill of health by mid-August[1] and clearing most workers to resume work, the employers' businesses have been disrupted from the past months' restrictions, and further stressed with additional requirements for work resumption. Some employers face challenges in their businesses and operations, resulting in pressures on their workforce and accommodation needs, rental affordability and payment ability. With requirements to carry out preventive safe living measures and fulfill cohorting arrangements in the living quarters, operational costs of managing the dormitories will likely remain high.

At the same time, the COVID-19 outbreak has led government agencies to review regulatory specifications and management requirements for purpose-built dormitories. New specifications are being piloted in new temporary dormitories being developed by the Singapore government, and will in time be introduced to some extent to existing dormitory properties. The extent of regulatory changes and the impact from these impending changes are not clearly defined as yet.

The Group believes that demand for PBWA beds will stabilise in the long term, driven by continued demand for migrant workers and for purpose-built dormitories addressing accommodation needs for the foreign workforce in land-scarce Singapore. The government has announced initiatives to develop more dormitories meeting new specifications over the next 3 years to address this need. These include temporary facilities of one to three years' terms as well as more permanent properties with longer tenure.

Centurion's management capabilities and strong track record in PBWA puts it in good stead to participate in opportunities arising from upcoming changes in the PBWA industry. The Group will actively pursue opportunities in the new dormitories being developed, including management service contracts.

In June 2020, the Group secured a management service contract from JTC Corporation ("JTC"), to manage three Factory-Converted Dormitories ("FCD") comprising approximately 4,000 beds, for a period of 6 months with the option of another six months' extension.

Malaysia

As at 30 June 2020, Centurion operated approximately 30,700 beds across seven PBWA assets in Malaysia. The Group achieved an average occupancy of 79.5% for 1H 2020, including Westlite Bukit Minyak which recorded an average occupancy of 32.5% for 1H 2020. This asset in Penang, which began accepting occupancy in the middle of 2019, was in its ramp-up stage when the federal Movement Control Order (MCO) was implemented, and was hence restricted from accepting new occupants during the period.

While the COVID-19 outbreak has not materially impacted PBWA operations in Malaysia, the development of Westlite Tampoi II in Johor Bahru will continue to be on hold until there is greater clarity surrounding the COVID-19 situation.

Recently, the Malaysian government announced it will be limiting the hiring of foreign workers to work in construction, agriculture, and plantation sectors from next year to increase employment opportunities for locals[2]. However, these sectors have warned that such legislation will exacerbate existing labour shortages, fuelled by local resistance to working in industries that are deemed as 'undesirable'[3]. The Group will continue to track the demand in these industries while repositioning its offerings to attract a diverse group of clients to build resilience in its PBWA portfolio in Malaysia.

Student Accommodation

As at 30 June 2020, the Group had a portfolio of approximately 6,433 beds across 21 operational PBSA assets in Australia, South Korea, Singapore, the UK, and the US.

As COVID-19 management measures over 1H 2020, all countries had implemented some extent of international travel bans or restrictions, and almost all universities had closed their campuses and moved curricula online, which led to many student-residents choosing to return home for the duration.

While many universities have since announced plans to offer blended online and on-campus programmes, uncertainty around the re-opening of university campuses and international travel as well as concerns around possible further COVID-19 outbreaks results in demand for PBSA beds remaining tentative for the upcoming September semester.

In the medium-term, possible declines in international student numbers due to travel and visa restrictions are likely to be offset by growth in domestic student numbers, considering that higher education is a viable alternative to unemployment during economic downturns[4].

In the long term, the Group believes that the education and student accommodation segment is resilient, and that pent-up demand will drive a fast recovery for dwell Student Living once study programmes and travel normalize.

United Kingdom

The Group's UK portfolio, comprising 11 assets, achieved an average occupancy of 74.2% for 1H 2020.

In April 2020, after due consideration of the needs of all residents and stakeholders, the Group announced that it would allow residents of its UK PBSA properties to terminate their tenancy leases early for the UK AY19-20, from 1 May 2020, should the resident choose to return home while university campuses were closed.

Based on the termination requests received, the reduction of revenue from this decision is approximately GBP3.1 million, which is at the lower end of the anticipated revenue reduction of between GBP3 million to GBP5 million.

Addressing prospective international students faced with uncertainty in their overseas study plans due to COVID-19, the UK government has promised to support international students and ensure immigration regulations remain flexible, and have reiterated their commitment to allow international students who have finished degrees at UK universities to receive a 2-year post-study work visa[5].

Due to uncertainty regarding when universities will reopen for on-campus education, bookings for the Group's accommodation in the UK for the new academic year remain soft in certain cities, with committed leases increasing gradually.

Australia

In Australia, dwell Village Melbourne City (previously known as RMIT Village) had an average occupancy of 62.5% for 1H 2020, while dwell East End Adelaide had an average occupancy of 81.4% for 1H 2020.

While Melbourne, Victoria is currently locked down with a second wave of infections, other states in Australia have lifted movement restrictions and universities in Adelaide have announced campus re-openings by September 2020. As a result, occupancy in dwell Village Melbourne City continues to be impacted whereas demand for PBSA beds is returning in Adelaide.

Despite uncertain geopolitical relationship with China, and with travel restrictions still in place, the Australian business community and tertiary education sector has launched a new campaign to reassure Chinese tourists and students that they are welcome in the country[6].

Over the long term, the Group expects domestic student numbers to continue rising, and that Australia will remain an attractive destination for international students.

Singapore

In Singapore, dwell Selegie has been affected with a reduction of its bed capacity from 332 beds to 240 beds during 2Q 2020, as required by the Singapore Land Authority ("SLA").

Discussions are in progress with SLA regarding space requirements for the PBSA and possible adjustments to capacity post-COVID.

South Korea

dwell Dongdaemun in South Korea was impacted by the COVID-19 outbreak in mid-February 2020, when the country then had the world's second largest number of COVID-19 cases after China. This resulted in an average occupancy of 25.4% in 1H 2020, as universities closed their campuses, exchange programmes ceased and students returned home. The Group is expanding its marketing efforts for this asset to include young adults and working professionals already in Korea, as an alternative consumer audience during this period.

US

In the US, occupancy remained healthy for 1H 2020 despite the uncertainties around the COVID-19 situation.

Although the US recently implemented a ban on students who would be enrolled in online-only courses, this measure was quickly reversed to allow students who are already in the US or are returning from abroad with valid visas to take their classes entirely online, with the ban applicable only for new incoming students[7].

Furthermore, the US portfolio assets cater primarily to local and interstate domestic students, with international students accounting for less than 2% of portfolio occupancy.

As a result, international travel and student visa restrictions are not expected to have a material impact on the Group's occupancy rates in the US for the near term.

Remark:

1. Source: Channel NewsAsia - All foreign workers to be tested by mid-August, says COVID-19 task force, 17 July 2020
2. Source: The Edge Markets – Malaysia to only allow foreign workers in construction, plantation, agriculture sectors, 29 July 2020
3. Source: The Star - Mixed reactions to freeze on foreign worker intake, 24 June 2020
4. Source: Times Higher Education - COVID-19 could be a curse for graduates but a boon for universities, 2 April 2020
5. Source: ICEF Monitor - UK universities face a shortfall of "at least £463 million" in 2020/21, 10 Jun 2020
6. Source: China Daily - Australian businesses and educationists welcome Chinese tourists and students, 8 July 2020
7. Source: The New York Times - Gov't: New Foreign Students Can't Enter US if Courses Online, 24 July 2020

11. Use of Proceeds

Not applicable

12. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

None

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year ?

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.0 cent per ordinary share
Dividend Payment Date	12 September 2019
Currency	SGD
Tax Rate	1-tier tax exempt

(c) Date Payable

Not applicable

(d) Book Closure Date

Not applicable

13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable for half yearly announcement

14. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended by the Board of the Company in respect of the half year ended 30 June 2020 (half year ended 30 June 2019: SGD 1.0 cent per ordinary share). The Group would like to conserve its cash resources in view of the unprecedented economic condition and uncertainty amidst the COVID-19 pandemic.

15. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors, PricewaterhouseCoopers LLP.

16. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

17. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern

Not applicable as the Group's latest audited financial statements for the financial year ended 31 December 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

18. Review by Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited consolidated results and the accounting principles and policies adopted by the Group for the period ended 30 June 2020.

The Company has out-sourced its internal audit function to BDO LLP. The internal auditor reports directly to the Chairman of the Audit Committee and presents their reports and audit findings with regards to the adequacy and effectiveness of the Company's internal control and make recommendations to the Audit Committee.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Gn Hiang Meng, Mr. Chandra Mohan s/o Rethnam and Mr. Owi Kek Hean. Mr. Gn Hiang Meng is the chairman of the Audit Committee.

19. Compliance with Corporate Governance Codes

The Company has adopted the principles and practices of corporate governance in line with the Principles and Provisions as set out in the Singapore Code of Corporate Governance 2018 (the “2018 Code”) and the applicable code provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”).

In the event of any conflict between the 2018 Code and HK CG Code, the Company will comply with the more stringent requirements. Throughout the six months ended 30 June 2020, the Company has complied with applicable provisions in the 2018 Code and HK CG Code, except those appropriately justified and disclosed.

20. Compliance with Singapore Listing Manual and Hong Kong Model Code

In compliance with Rule 1207(19) of the Listing Manual (the “Listing Manual”) of SGX-ST and the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the HK Listing Rules, the Company has adopted the Code of Best Practices on Securities Transactions by the Company and its Directors and Officers as its code for securities transactions by its Directors and Officers pursuant to the Listing Manual of the SGX-ST and the Model Code’s best practices on dealings in securities. In furtherance, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2020.

The Company, the Directors and its Officers are not allowed to deal in the Company’s securities at all times whilst in possession of unpublished price sensitive information and during the "closed" window period as defined in the Company's Code of Best Practices on Securities Transactions by the Company and its Directors and Officers.

Directors, officers and employees have also been directed to refrain from dealing in the Company's securities on short-term considerations.

The Directors, Management and officers of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

21. Publication of Information on the websites of Hong Kong Exchanges and Clearing Limited, the Company and SGX-ST

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the “HKEx”) at www.hkexnews.hk, the website of the Company at www.centurioncorp.com.sg and the website of the SGX-ST at www.sgx.com. The interim report of the Company for the six months ended 30 June 2020 will be despatched to the shareholders in Hong Kong and published on the respective websites of the HKEx, SGX-ST and the Company in due course.

22. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was previously disclosed to shareholders.

23. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect

The Company does not have a shareholders' mandate for IPTs.

24. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual of SGX-ST. If there are no such persons, the issuer must make an appropriate negative statement

Not applicable for half yearly announcement.

25. Confirmation of Directors' and Executive Officers' Undertakings

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual of SGX-ST.

26. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST

On behalf of the Board of Directors of the Company, we, Wong Kok Hoe and Loh Kim Kang David, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the half year ended 30 June 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
CENTURION CORPORATION LIMITED
Kong Chee Min
Chief Executive Officer
11 August 2020

As at the date of this announcement, the Board comprises Mr. Wong Kok Hoe and Mr. Teo Peng Kwang as executive directors; Mr. Han Seng Juan and Mr. Loh Kim Kang David as non-executive directors; and Mr. Gn Hiang Meng, Mr. Chandra Mohan s/o Rethnam, Mr. Owi Kek Hean, Ms. Tan Poh Hong and Mr. Lee Wei Loon as independent non-executive directors.