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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)

**(1) DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY;**

AND

(2) ENTERING INTO OF LETTING AGREEMENT;

AND

(3) ESTABLISHMENT OF SUBSIDIARIES

ACQUISITION OF PROPERTY

The Board wishes to announce that on 1 June 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Contract with the Vendor in relation to the acquisition of the Property at a consideration of £18.7 million (approximately HK\$196.97 million or S\$33.66 million) (exclusive of VAT, stamp duty and other acquisition related costs).

ENTERING INTO OF LETTING AGREEMENT

On Completion, the New Jersey Subsidiary will enter into an agreement with the Agent in respect of the letting out of the Property.

ESTABLISHMENT OF SUBSIDIARIES

The Board further announces that COIPL has established two wholly-owned subsidiaries for the purpose of the Acquisition.

SINGAPORE LISTING MANUAL IMPLICATIONS

As the applicable relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Singapore Listing Manual exceeds 5% but does not exceed 20%, the Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Singapore Listing Manual.

HONG KONG LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 1 June 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Contract with the Vendor in respect of the Acquisition.

THE CONTRACT

Date:	1 June 2018
Purchaser:	Centurion Investments (JS VII) Ltd, as purchaser
Vendor:	PS 121 Limited, as vendor
Property to be acquired:	The freehold and leasehold interests in the property known as 121 Princess Street together with the building or buildings erected thereon or on some part thereof registered at HM Land Registry under title numbers LA57971 and LA82651, situated at 121 Princess Street, Manchester, M1 7AG, United Kingdom

The Purchaser will acquire the Property from the Vendor at the Consideration (exclusive of VAT, stamp duty and other acquisition related costs). An initial deposit of £1,402,500 (approximately HK\$14,772,617 or S\$2,524,500) in cash (being 7.5% of the Consideration) was paid by the Purchaser to the Vendor's conveyancer to be held as agent for the Vendor after the signing of the Contract. An additional deposit of 5% or £935,000 (approximately HK\$9,848,411 or S\$1,683,000) will be paid to the Vendor as "further deposit" if Completion takes place after 8 June 2018 but on or before 16 July 2018. The remaining balance of the Consideration shall be paid on the Completion Date.

The Acquisition will be funded by the Group's internal resources and external financing from bank(s).

The Consideration was arrived at after arms' length negotiations between the Vendor and the Purchaser, on a "willing-buyer", "willing-seller" basis, and also taking into account a valuation of the Property at approximately £18.67 million (approximately HK\$196.65 million or S\$33.61 million) based on a desktop valuation appraisal conducted on 24 May 2018 by Cushman and Wakefield UK ("Property Valuer"), an independent valuer, commissioned by COIPL. The valuation was based on the income capitalization approach taking into consideration both the passing and future rents but does not take into consideration the rent guarantee under the Letting Agreement.

INFORMATION ON THE GROUP

The Group owns, develops and manages quality purpose-built workers accommodation assets in Singapore and Malaysia, and student accommodation assets in Singapore, Australia, the United Kingdom and the United States. The Group also manufactures and sells optical disc and related storage products.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated and registered in England and Wales (Company No.: 09571252) with limited liability, of 60 Oxford Street, Manchester, M1 5EE, United Kingdom, and its principal business activity is property developer and investor. So far as the Directors are aware, having taken reasonable steps to ascertain the source, the Vendor and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE PROPERTY

The Property, situated at 121 Princess Street, Manchester, M1 7AG, United Kingdom, is currently owned by the Vendor, PS 121 Limited, a company incorporated and registered in England and Wales (Company No.: 09571252) of 60 Oxford Street, Manchester, M1 5EE, United Kingdom.

The Property is a premium-built 127-bed freehold asset, catering primarily to students. On Completion, it will be managed under the Group's student accommodation brand, **dwell**, by Centurion Student Services (UK) Ltd, which is wholly owned by COIPL and established for the purposes of operating and managing the Group's student accommodation assets in the United Kingdom.

The Property is located in the heart of Manchester City Centre in close proximity to Piccadilly Station and Chinatown, and a short walk from Oxford Road knowledge corridor, where University of Manchester and Manchester Metropolitan University are located.

FINANCIAL EFFECTS OF THE ACQUISITION

The pro forma financial effects of the Acquisition on the net tangible assets (“NTA”) per share, the earnings per share and the share capital of the Company as set out below are presented for illustrative purposes only and do not reflect the future financial position of the Group following Completion. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“FY2017”), being the most recently completed financial year.

NTA

Purely for illustrative purposes only and assuming that the Acquisition had been completed on 31 December 2017, being the end of FY2017, the effect on the NTA per share as at 31 December 2017 is as follows:

	Before the Acquisition	After the Acquisition
NTA (S\$'000)	462,927	462,927
NTA per share (Singapore cents)	55.06	55.06

Note: Based on a total of 840,778,624 issued ordinary shares as at 31 December 2017.

Based on an exchange rate of £1.00: S\$1.80 and S\$1: HK\$5.8517.

Earnings

Purely for illustrative purposes only and assuming that the Acquisition had been completed on 1 January 2017, being the beginning of FY2017, the effect on the earnings per share for FY2017 is as follows:

	Before the Acquisition	After the Acquisition
Profit attributable to shareholders (S\$'000)	31,722	31,722
Weighted average number of shares ('000)	760,836	760,836
Earnings per share (Singapore cents)	4.17	4.17

Note: The Property is undergoing refurbishment, hence no profit is attributable to the Property until completion of the refurbishment, which is expected to be end of June 2018.

Share Capital

As no shares will be issued in connection with the Acquisition, the Acquisition will not have any impact on the issued share capital of the Company.

RATIONALE FOR THE ACQUISITION

The Acquisition is in the ordinary course of business of the Group and in line with the Group's strategy to grow its student accommodation business and to build on the Group's existing student accommodation portfolio globally.

RELATIVE FIGURES UNDER RULE 1006 OF THE SINGAPORE LISTING MANUAL

The applicable relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Singapore Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(b)	Net profits ⁽¹⁾ of the Property compared with the Group's net profits ⁽³⁾	Not applicable ⁽²⁾
(c)	The Consideration ⁽⁴⁾ compared with the market capitalisation ⁽⁵⁾ of the Company	8.6

Notes:

- (1) Net profits is defined as profit before income tax, minority interests and extraordinary items.
- (2) Not applicable as there is no profit attributable to the Property until completion of the refurbishment, which is expected to be end of June 2018.
- (3) Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2018, the Group's net profits was approximately S\$12.78 million.
- (4) The Consideration was £18.7 million (converted to S\$33.66 million or HK\$196.97 million) based on an exchange rate of £1.00: S\$1.80 and S\$1: HK\$5.8517.
- (5) The market capitalisation of the Company is based upon a total number of 840,778,624 ordinary shares in issue as at 31 May 2018, at the volume-weighted average price of S\$0.4650 per share transacted on 31 May 2018, being the market day preceding the date of the Contract.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group carries on the business of owner-operator of workers and student accommodation in Singapore, Malaysia, as well as purpose-built student accommodation assets in the United Kingdom, the United States, Australia and Singapore. In order to continue to expand the Group's student accommodation business in the United Kingdom which is in line with the Group's strategy, the Directors believe that the Acquisition is a good opportunity for the Group to further strengthen its foothold in the United Kingdom. The Acquisition is in the ordinary course of business of the Group.

The Board is of the view that the terms of the Contract and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

ENTERING INTO OF THE LETTING AGREEMENT

Simultaneous with Completion, the New Jersey Subsidiary, the Agent and Mr. Stephen Beech, being a shareholder of the Vendor, entered into the Letting Agreement in respect of the appointment of the Agent as agent for the letting out of the Property.

Mr. Stephen Beech has agreed to guarantee to the New Jersey Subsidiary a minimum amount of rent receivable by the New Jersey Subsidiary during the term of the Letting Agreement. The term of the Letting Agreement will continue on signing until the earlier of:

- (a) the New Jersey Subsidiary serves not less than one weeks' written notice upon the Vendor and the Agent determining the Letting Agreement; or
- (b) 31 August 2020; or
- (c) the New Jersey Subsidiary transferring its ownership of the Property to a third party, inter alia, a member of the Group.

In the event that there is a shortfall in guaranteed rent for a unit procured by the Agent, Mr. Stephen Beech has agreed to guarantee to the New Jersey Subsidiary the shortfall calculated by reference to the whole of the contractual term of such unit. The rent guarantee is not taken into account in arriving at the property valuation appraisal conducted by the Property Valuer and as such does not have any impact on the valuation.

ESTABLISHMENT OF TWO INDIRECT WHOLLY-OWNED SUBSIDIARIES

COIPL has established a wholly-owned subsidiary known as Centurion Accommodation (I) Holdings Pte. Ltd. (“New Singapore Subsidiary”) in the Republic of Singapore and an indirect wholly-owned subsidiary known as Centurion Investments (JS VII) Ltd (“New Jersey Subsidiary”) in Jersey, Channel Islands. Information relating to the New Singapore Subsidiary and New Jersey Subsidiary are as follows:

(a) New Singapore Subsidiary

Name of company:	Centurion Accommodation (I) Holdings Pte. Ltd.
Place of Incorporation:	Singapore
Principal Activity:	Investment Holding
Initial issued and paid-up share capital:	SGD1,000 comprising 1,000 ordinary shares
Shareholder:	Centurion Overseas Investments Pte. Ltd.

(b) New Jersey Subsidiary

Name of company:	Centurion Investments (JS VII) Ltd
Place of Incorporation:	Jersey, Channel Islands
Principal Activity:	Investment Holding
Initial issued and paid-up share capital:	£10,000 comprising 10,000 ordinary shares
Shareholder:	Centurion Accommodation (I) Holdings Pte. Ltd.

As at the date of this announcement, the book values and net tangible asset values of the shares of the New Singapore Subsidiary and New Jersey Subsidiary are as follows:

Entity	Book value of the shares	Net tangible asset value of the shares
New Singapore Subsidiary	SGD1,000	SGD1,000
New Jersey Subsidiary	£10,000	£10,000

The establishments of the aforesaid new subsidiaries were funded by internal resources and are not expected to have any material impact on the consolidated NTA and earnings per share of the Company for the current financial year.

The New Singapore Subsidiary and the New Jersey Subsidiary were established for the purpose of the Acquisition.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition and the establishments of New Singapore Subsidiary and New Jersey Subsidiary.

SERVICE CONTRACTS OF DIRECTORS

No person is proposed to be appointed as a director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Acquisition.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Contract and the desktop valuation appraisal issued by the Property Valuer are available for inspection at 45 Ubi Road 1, #05-01, Singapore 408696 during normal business hours for a period of three (3) months commencing from the date of this announcement.

SINGAPORE LISTING MANUAL IMPLICATIONS

As the applicable relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Singapore Listing Manual exceeds 5% but does not exceed 20%, the Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Singapore Listing Manual.

HONG KONG LISTING RULE IMPLICATIONS

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Property by the Purchaser at a total consideration of £18.7 million (approximately HK\$196.97 million or S\$33.66 million) pursuant to the terms and conditions of the Contract signed by the Vendor and the Purchaser
“Agent”	Manchester Apartments Limited, a company incorporated in the United Kingdom and wholly-owned by Mr. Stephen Beech, an Independent Third Party
“Board”	the board of Directors
“COIPL”	Centurion Overseas Investments Pte. Ltd., a wholly-owned subsidiary of the Company
“Company”	Centurion Corporation Limited, a company incorporated in the Republic of Singapore with limited liability and the shares of which are listed on the Mainboard of the SGX-ST (stock code: OU8) and the Main Board of the Stock Exchange (stock code: 6090)
“Completion”	completion of the Acquisition pursuant to the terms of the Contract
“Completion Date”	8 June 2018 or such other date as the parties to the Contract may agree but on or before 16 July 2018
“Consideration”	the consideration for the acquisition of the Property being £18.7 million (approximately HK\$196.97 million or S\$33.66 million)

“Contract”	the agreement dated 1 June 2018 in relation to the Property
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries and associated companies
“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
“Independent Third Party(ies)”	person(s) or company(ies) which is/are not connected person(s) (as defined in the Listing Rules) of the Company
“Letting Agreement”	the agreement dated 1 June 2018 entered into between the New Jersey Subsidiary, the Agent and Mr. Stephen Beech in relation to the appointment of the Agent as agent for the letting out of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the freehold and leasehold interests in the property known as 121 Princess Street together with the building or buildings erected thereon or on some part thereof registered at HM Land Registry under title numbers LA57971 and LA82651, situated at 121 Princess Street, Manchester, M1 7AG, United Kingdom
“Purchaser”	Centurion Investments (JS VII) Ltd, an indirect wholly-owned subsidiary of the Company
“S\$” or “SGD”	Singapore dollars, the lawful currency of the Republic of Singapore
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Singapore Listing Manual”	the listing manual of the SGX-ST
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	PS 121 Limited, a company incorporated and registered in England and Wales (Company No.: 09571252) with limited liability and an Independent Third Party
“%”	per cent.
“£”	Pound Sterling, the lawful currency of the United Kingdom

By order of the Board
Centurion Corporation Limited
Kong Chee Min
Chief Executive Officer

Hong Kong, Singapore 1 June 2018

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

* *For identification purpose only*