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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) ESTABLISHMENT OF A SUBSIDIARY

PROPOSED ACQUISITION OF PROPERTY

The Board is pleased to announce that on 6 December 2019 (UK time), the Buyer, being an indirect wholly-owned subsidiary of the Company, entered into the Contract with the Seller in relation to the Proposed Acquisition of the Property at a purchase price of £15.1 million (equivalent to approximately HK\$154.97 million or S\$26.98 million) (inclusive of VAT but exclusive of stamp duty and other Proposed Acquisition related costs) payable in cash. The Proposed Acquisition will be funded by the Group's internal resources and external financing from bank(s).

The Property is a freehold property known as Archer House located at 14–22 Castle Gate, Nottingham NG1 7AW, United Kingdom. It is a student accommodation asset with 177 bed capacity comprising 93 self-contained studios and 84 en-suite cluster rooms. It is strategically located within the heart of leisure and retail areas in the city centre and close to two (2) renowned universities in Nottingham, namely, University of Nottingham and Nottingham Trent University. It is also located within close proximity to the dwell Castle Gate Haus, Nottingham, United Kingdom, which is our first student accommodation asset in Nottingham and is highly accessible with surrounding bus and train services.

ESTABLISHMENT OF A SUBSIDIARY

The Board further announces that COIPL has established a wholly-owned subsidiary, being the Buyer, for the purpose of the Proposed Acquisition.

SINGAPORE LISTING MANUAL IMPLICATIONS

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

HONG KONG LISTING RULES IMPLICATIONS

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

INTRODUCTION

The Board wishes to announce that on 6 December 2019 (UK time), the Buyer, being an indirect wholly-owned subsidiary of the Company, entered into a Contract with the Seller in respect of the Proposed Acquisition at a purchase price of £15.1 million (equivalent to approximately HK\$154.97 million or S\$26.98 million) (inclusive of VAT but exclusive of stamp duty and other Proposed Acquisition related costs) payable in cash.

THE CONTRACT

Date: 6 December 2019

Buyer: Centurion Investments (BV) Ltd, as buyer

Seller: Archer House Residence Ltd, as seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Seller is an Independent Third Party of the Company (as defined in the Listing Rules).

The Proposed Acquisition and information of the Property

Pursuant to the Contract, the Buyer has agreed to acquire and the Seller has agreed to sell the Property.

The Property, which is legally and beneficially owned by the Seller, is a freehold property known as Archer House located at 14–22 Castle Gate, Nottingham NG1 7AW, United Kingdom. It is a student accommodation asset with 177 bed capacity comprising 93 self-contained studios and 84 en-suite cluster rooms. It is strategically located within the heart of leisure and retail areas in the city centre and close to two renowned universities in Nottingham, namely, University of Nottingham and Nottingham Trent University. It is also located within close proximity to the dwell Castle Gate Haus, Nottingham, United Kingdom, which is our first student accommodation asset in Nottingham and is highly accessible with surrounding bus and train services.

On Completion, the Property 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 Purchase Price

The Buyer will acquire the Property from the Seller at the Purchase Price of £15,100,000 (inclusive of VAT but exclusive of stamp duty and other Proposed Acquisition related costs), which is to be paid in cash, as follows:

- (a) a deposit of £755,000 (approximately HK\$7,749,700 or S\$1,349,200) in cash (being 5% of the Purchase Price) was paid by the Buyer, on the date of the Contract, to the Seller's conveyancer to be held as stakeholder for the Seller on the terms that, on Completion, the deposit is transferred from the Seller's conveyancer's account to the Seller with accrued interest; and
- (b) the remaining amount to be paid on the Completion Date.

The Purchase Price was arrived at after arms' length negotiations between the Seller and the Buyer, on a "willing-buyer", "willing-seller" basis, and taken into account a valuation of the Property at approximately £15.15 million (approximately HK\$155.49 million or S\$27.07 million) based on a desktop valuation appraisal conducted on 5 December 2019 by Cushman and Wakefield UK ("**Property Valuer**"), an independent valuer, commissioned by the Buyer. The valuation was based on the income capitalization approach taking into consideration both the passing and future rents.

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

Conditions precedent

Completion is conditional upon:

- (a) satisfaction of the formal discharge of the relevant conditions of the planning permission from the relevant local authority; and
- (b) the defects (but not necessarily including flooring works) in relation to the Property listed in the Contract having been repaired and the Buyer receiving the relevant certificate evidencing such repairs.

Completion

Completion is expected to take place on the Completion Date or such other date as the Seller and the Buyer may mutually agree in writing on which Completion shall take place.

FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Proposed Acquisition on the 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 FY2018, being the most recently completed financial year.

NTA

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2018, being the end of FY2018, the effect on the NTA per share as at 31 December 2018 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	507,315	507,315
NTA per share (Singapore cents)	60.34	60.34

Note: Based on a total of 840,778,624 issued ordinary shares (excluding treasury shares) as at 31 December 2018.

Earnings

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 1 January 2018, being the beginning of FY2018, the effect on the earnings per share for FY2018 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders (S\$'000)	79,326	80,361
Weighted average number of shares ('000)	840,779	840,779
Earnings per share (Singapore cents)	9.43	9.56

Share Capital

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

RELATIVE FIGURES UNDER RULE 1006 OF THE SINGAPORE LISTING MANUAL

The applicable relative figures for the Proposed 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⁾ attributable to the Property ⁽²⁾ compared with the Group's net profits ⁽³⁾	2.66
(c)	The aggregate value of the consideration for the Proposed Acquisition ⁽⁴⁾ compared with the market capitalisation ⁽⁵⁾ of the Company	7.29

Notes:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The net profits attributable to the Property for the nine-month period ended 30 September 2019 was approximately £543,000 (converted to approximately S\$970,000 or approximately HK\$5,572,000) based on an exchange rate of £1: S\$1.787 and S\$1: HK\$5.7439.

- (3) Based on the latest announced unaudited consolidated financial statements of the Group for the third quarter and nine-month ended 30 September 2019, the Group's net profits for the nine-month period ended 30 September 2019 was approximately S\$36.44 million.
- (4) The Purchase Price was £15.1 million (converted to S\$26.98 million or HK\$154.97 million) based on an exchange rate of £1: S\$1.787 and S\$1: HK\$5.7439.
- (5) The market capitalisation of the Company is based upon a total number of 840,778,624 ordinary shares in issue (excluding treasury shares) as at 5 December 2019, at the volume-weighted average price of S\$0.4401 per share transacted on 5 December 2019, being the market day preceding the date of the Contract.

RELATIVE FIGURES UNDER RULE 14.58 OF THE LISTING RULES

	Financial year ended 31 August 2018	Financial year ended 31 August 2019
	<i>£'000</i>	<i>£'000</i>
Net profit before taxation	—	724
Net profit after taxation	—	579

- 1 The net profit before taxation for the financial year ended 31 August 2019 was approximately S\$1.29 million (converted to approximately HK\$7.41 million) and net profit after taxation was approximately S\$1.03 million (converted to approximately HK\$5.92 million) based on an exchange rate of £1:S\$1.787 and S\$1:HK\$5.7439.
- 2 Rule 14.58(7) of the Listing Rules requires disclosure of the net profits (both before and after taxation) attributable to the Property for the last two financial years in this announcement (the “**Required Financial Information**”). Since the Property was newly completed in late September 2018, there is no such Required Financial Information for the financial year ended 31 August 2018 available.
- 3 This property completed construction in late September 2018 after the start of the academic year from 01 September 2018 to 31 August 2019. It had achieved 100% occupancy over the course of 2019 by means of offering rental discounts and shortened tenancy periods.

RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed 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. The Directors believe that the Proposed Acquisition is a good opportunity for the Group to further strengthen its foothold in the United Kingdom.

The Directors, including the independent non-executive Directors are of the view that the terms of the Contract and the Proposed Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, THE GROUP AND THE BUYER

The principal activities of the Company include investment holding and provision of management services. 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, the United States and South Korea. The Group also manufactures and sells optical disc and related storage products.

The Buyer is Centurion Investments (BV) Ltd, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. The Buyer is an investment holding company.

INFORMATION ON THE SELLER

The Seller, which is the legal and beneficial owner of the Property, is a company incorporated and registered in England and Wales (company number: 11652045) whose registered office is at Archer House, 14–22 Castle Gate, Nottingham NG1 7AW, United Kingdom.

ESTABLISHMENT OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY

In connection with the Proposed Acquisition, COIPL has established a wholly-owned subsidiary known as Centurion Investments (BV) Ltd in the British Virgin Islands, being the Buyer under the Contract. Information relating to the Buyer is as follows:

Name of company:	Centurion Investments (BV) Ltd
Place of incorporation:	British Virgin Islands
Principal activity:	Investment holding
Initial issued and paid-up share capital:	£10,000 comprising 10,000 ordinary shares
Shareholder:	Centurion Overseas Investments Pte. Ltd.

As at the date of this announcement, the book value and NTA value of the shares of the Buyer are £10,000 respectively.

The establishment of the Buyer was funded by internal resources and is not expected to have any material impact on the consolidated NTA and earnings per share of the Company for the current financial year.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings (if any) in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition and the establishment of the Centurion Investments (BV) Ltd.

SERVICE CONTRACTS OF DIRECTORS

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

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Contract and 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 one of the applicable relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Singapore Listing Manual exceeds 5% but does not exceed 20%, the Proposed 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 relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisition is above 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company and is subject to announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Australia” Commonwealth of Australia

“Board”	the board of Directors
“Buyer”	Centurion Investments (BV) Ltd, an indirect wholly-owned subsidiary of the Company
“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 Main Board of the SGX-ST (stock code: OU8) and the Main Board of the Stock Exchange (stock code: 6090)
“Completion”	completion of the Proposed Acquisition pursuant to the terms of the Contract
“Completion Date”	13 December 2019 or 5 working days after which the conditions precedent have been satisfied, whichever is later
“Contract”	the agreement dated 6 December 2019 in relation to the Proposed Acquisition
“Director(s)”	the director(s) of the Company
“FY2018”	the financial year ended 31 December 2018
“Group”	the Company together with its subsidiaries and associated companies
“HK\$” or “HKD”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Board”	the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“NTA”	net tangible assets
“Property”	the freehold property known as Archer House (formerly known as Rodney House), situated at 14–22 Castle Gate, Nottingham NG1 7AW, United Kingdom, registered with the title number NT62833
“Proposed Acquisition”	the Proposed Acquisition of the Property by the Buyer at the Purchase Price pursuant to the terms and conditions of the Contract entered into between the Seller and the Buyer
“Purchase Price”	the purchase price for the proposed acquisition of the Property being £15.1 million (approximately HK\$154.97 million or S\$26.98 million) (inclusive of VAT but exclusive of stamp duty and other Proposed Acquisition related costs)
“S\$” or “SGD”	Singapore dollars, the lawful currency of the Republic of Singapore
“Seller”	Archer House Residence Ltd, a company incorporated and registered in England and Wales (company number: 11652045) and an Independent Third Party
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	shareholders of the Company
“Singapore Listing Manual”	the listing manual of the SGX-ST
“South Korea”	the Republic of Korea
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United Kingdom” or “UK”	the United Kingdom of Great Britain, Northern Ireland, Scotland and Wales

“United States”	the United States of America, including its territories and possessions and all areas subject to its jurisdiction
“VAT”	value added tax or any equivalent tax chargeable in the United Kingdom or elsewhere
“%”	per cent.
“£” or “GBP”	Pound Sterling or British Pounds, the lawful currency of the United Kingdom

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

Hong Kong, Singapore, 9 December 2019

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.