

CENTURION CORPORATION LIMITED

(Company Registration No. 198401088W)

(Incorporated in Singapore)

ENTRY INTO JOINT VENTURE AND LETTER OF OFFER IN RESPECT OF LAND AT JALAN PAPAN, SINGAPORE

1. INTRODUCTION

The board of directors ("**Directors**") of Centurion Corporation Limited ("**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Centurion-Lian Beng (Papan) Pte. Ltd. ("**JVCo**") had on 22 December 2014 accepted a letter of offer ("**Letter of Offer**") issued by ASPRI Dormitory Pte. Ltd. ("**ASPRI SPV**") to the JVCo in relation to:

- (a) the grant by ASPRI SPV to the JVCo of a licence ("**Licence**") to complete the construction of a workers dormitory to house 7,900 workers ("**Workers Dormitory**") and a training centre at a parcel of land located at Jalan Papan, Singapore ("**Land**"); and
 - (b) the proposed grant by ASPRI SPV to the JVCo of a sublease ("**Sublease**") in respect of the Land and the buildings for the purpose of operating the Workers Dormitory,
- (the "**ASPRI Offer**").

2. THE JVCO

- 2.1 The JVCo is a joint venture company between Centurion Dormitory Venture Pte. Ltd. ("**CDV**"), a wholly-owned subsidiary of the Company, and Goldprime Dormitory Pte. Ltd. ("**JV Partner**"), a wholly-owned subsidiary of Lian Beng Group Ltd. for the purpose of the ASPRI Offer ("**Joint Venture**").
- 2.2 The JVCo was formerly known as Westlite Dormitory (V Four) Pte. Ltd. prior to the change of name to its present name. Prior to the Joint Venture, the JVCo had an issued and paid-up share capital of S\$1.00, comprising one ordinary share in the capital of the JVCo ("**JVCo Share**"), held by CDV.
- 2.3 In connection with the ASPRI Offer, the Group has entered into the Joint Venture pursuant to which:
 - (a) CDV has subscribed for, and the JVCo has issued to CDV, a further 1,019,999 new JVCo Shares, at an issue price of S\$1.00 per JVCo Share, amounting to an aggregate subscription price of S\$1,019,999.00 paid in cash by CDV to the JVCo; and
 - (b) the JV Partner has subscribed for, and the JVCo has issued to the JV Partner, a total of 980,000 new JVCo Shares, at an issue price of S\$1.00 per JVCo Share, amounting to an aggregate subscription price of S\$980,000.00 paid in cash by the JV Partner to the JVCo,

such that CDV's and the JV Partner's resultant shareholding interests in the JVCo as at the date of this Announcement is approximately 51% and 49% respectively.

3. THE ASPRI OFFER

3.1 ASPRI SPV is a wholly-owned subsidiary of the Association of Process Industry (ASPRI), a membership-based trade association that represents and promotes the interests of contractors that support the process industry in the area of process, construction and maintenance. Pursuant to a tender exercise, ASPRI SPV has identified the Company as a suitable party to *inter alia*, operate and maintain the Workers Dormitory under the terms of the Sublease. The Company has incorporated the JVCo to be the party to enter into the Sublease (as a joint venture with the JV Partner).

3.2 *Grant of licence and lease*

Under the Letter of Offer, ASPRI SPV shall:

- (a) grant to the JVCo the Licence to complete the construction and completion of the buildings, structures, installations, equipment, fixtures and fittings comprising the Workers Dormitory and the training centre. The Licence shall be subject to the covenants, stipulations, terms and conditions contained in the building terms set out in the Letter of Offer ("**Building Terms**"); and
- (b) thereafter, subject to the fulfilment of certain conditions, grant to the JVCo the Sublease in respect of the Land and the buildings for the purpose of operating the Workers Dormitory. The term of the Sublease shall commence from the date of the licence granted to ASPRI SPV in respect of a 23 year lease ("**ASPRI Lease**") of the Land and expire on the day immediately preceding the expiry date of the ASPRI Lease. The Sublease shall be subject to the covenants, stipulations, terms and conditions contained in the Building Terms.

3.3 *Costs*

It is expected that the JVCo shall incur approximately S\$200 million ("**Aggregate Costs**") in connection with the acceptance of the ASPRI Offer and the construction of the Workers Dormitory and the training centre.

The Aggregate Costs was arrived at taking into account, *inter alia*, estimated construction costs based on the design and specifications of the project and the land premium.

The portion of the Aggregate Costs paid and/or payable by the Group (based on CDV's shareholding in the JVCo) is approximately S\$102 million and was and/or will be funded by a combination of internal resources and bank borrowings.

3.4 *Funding*

The funds required by the JVCo in connection with the ASPRI Offer will be provided by a combination of (i) shareholders' loans and/or equity contributions from the parties to the Joint Venture in proportion to their shareholdings and (ii) bank borrowings of the JVCo.

4. RATIONALE

The Joint Venture and the JVCo's acceptance of the ASPRI Offer (together, the "Transactions") are in line with the Group's strategy to expand its workers accommodation business and to embark on new opportunities. The Transactions will enable the Group to tap on an existing large captive market and ride on the growth of the process industry in Singapore.

5. FINANCIAL EFFECTS

The pro forma financial effects of the Transactions on the net tangible assets ("NTA") per share in the capital of the Company ("Share"), the earnings per Share and the share capital of the Company set out below have been prepared purely for illustration only and do not reflect the actual future financial situation of the Group after completion of the Transactions. The pro forma financial effects have been computed based on (i) the audited consolidated financial information of the Group for the financial year ended 31 December 2013 ("FY2013"), being the most recently completed financial year, and (ii) the latest announced unaudited consolidated financial information of the Group for the third quarter ended 30 September 2014 ("3Q2014").

5.1 NTA – FY2013

Purely for illustrative purposes only and assuming that the Transactions had been completed on 31 December 2013, being the end of FY2013, the effect on the NTA per Share as at 31 December 2013 is as follows:

	Before the Transactions	After the Transactions
NTA (S\$'000)	276,248	276,248
NTA per Share (Singapore cents)	36.54	36.54

Note: Based on a total of 756,061,309 Shares as at 31 December 2013.

5.2 NTA – 3Q2014

Purely for illustrative purposes only and assuming that the Transactions had been completed on 30 September 2014, being the end of 3Q2014, the effect on the NTA per Share as at 30 September 2014 is as follows:

	Before the Transactions	After the Transactions
NTA (S\$'000)	307,556	307,556
NTA per Share (Singapore cents)	40.64	40.64

Note: Based on a total of 756,872,238 Shares as at 30 September 2014.

5.3 Earnings – FY2013

Purely for illustrative purposes only and assuming that the Transactions had been completed on 1 January 2013, being the beginning of FY2013, the pro forma financial effects on the earnings per Share for FY2013 are as follows:

	Before the Transactions	After the Transactions
Profit attributable to shareholders (S\$'000)	92,158	92,158
Weighted average number of Shares ('000)	756,061	756,061
Earnings per Share (Singapore cents)	12.19	12.19

Note: There are no profits attributable to the Transactions until the development of the Workers Dormitory and the training centre are completed. The development of the Workers Dormitory and the training centre are expected to be completed in 2016.

5.4 Earnings – 3Q2014

Purely for illustrative purposes only and assuming that the Transactions had been completed on 1 January 2014, being the beginning of 3Q2014, the pro forma financial effects on the earnings per Share for 3Q2014 are as follows:

	Before the Transactions	After the Transactions
Profit attributable to shareholders (S\$'000)	38,230	38,230
Weighted average number of Shares ('000)	756,495	756,495
Earnings per Share (Singapore cents)	5.05	5.05

Note: There are no profits attributable to the Transactions until the development of the Workers Dormitory and the training centre are completed. The development of the Workers Dormitory and the training centre are expected to be completed in 2016.

5.5 Share Capital

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

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

6.1 The relative figures for the Transactions computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (“Listing Manual”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of compared with the net asset value of the Group	Not applicable ⁽¹⁾
(b)	Net profits ⁽²⁾ attributable to the Transactions compared with the Group’s net profits	Not applicable ⁽³⁾
(c)	The aggregate consideration given ⁽⁴⁾ compared with the market capitalisation of the Company ⁽⁵⁾	26.86
(d)	Maximum number of equity securities issued by the Company as consideration compared with the number of the Company’s equity securities previously in issue	Not applicable ⁽⁶⁾

Notes:

- (1) The Transactions do not involve a disposal of assets.
- (2) Net profits is defined as profit before income tax, minority interest and extraordinary items.
- (3) There are no profits attributable to the Transactions until the development of the Workers Dormitory and the training centre are completed. The development of the Workers Dormitory and the training centre are expected to be completed in 2016. As such, there are no net profits attributable to the Transactions for 3Q2014.
- (4) The portion of the Aggregate Costs paid and/or payable by the Group (based on CDV’s shareholding in the JVCo) is S\$102 million.
- (5) The market capitalisation of the Company is based upon 756,872,238 Shares in issue (excluding treasury shares) as at 22 December 2014 at the volume-weighted average price of S\$0.5018 per Share transacted on 22 December 2014 being the last market day preceding the acceptance of the Letter of Offer.
- (6) No equity securities will be issued by the Company as consideration.

6.2 As the Transactions are in, or in connection with, the ordinary course of the Company’s business, shareholders’ approval is not required in relation to the Transactions for the purposes of Chapter 10 of the Listing Manual.

7. 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 direct or indirect interest in the Transactions.

8. SERVICE CONTRACTS OF DIRECTORS

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

Centurion Corporation Limited
23 December 2014