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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

**For identification purpose only*

Unaudited Condensed Interim Financial Statements and Dividend Announcement
For the six months and for the year ended 31 December 2021

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 six months and for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

1 Condensed Interim Consolidated Income Statement

	Group			Group		
	Second half year			Twelve months		
	ended 31 December			ended 31 December		
	2021	2020	Change	2021	2020	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	78,290	61,765	27	143,017	128,355	11
Cost of sales	(27,435)	(20,233)	36	(48,701)	(38,756)	26
Gross profit	50,855	41,532	22	94,316	89,599	5
Other income	2,360	6,806	(65)	4,715	8,948	(47)
Other gains/(losses) - net						
- Loss on derecognition of financial assets	(666)	(3,589)	(81)	(666)	(3,589)	(81)
- Write back/(allowance) for impairment of trade and other receivables	22	176	(88)	112	(1,300)	N/M
- Others	1,942	495	292	1,937	697	178
Expenses						
- Distribution expenses	(541)	(618)	(12)	(1,158)	(1,284)	(10)
- Administrative expenses	(10,869)	(9,499)	14	(20,629)	(21,186)	(3)
- Finance expenses	(11,406)	(11,080)	3	(22,734)	(23,319)	(3)
Share of profit of associated companies and joint venture	12,477	1,213	929	15,077	4,819	213
	44,174	25,436	74	70,970	53,385	33
Net fair value gains/(losses) on investment properties	11,416	(27,641)	N/M	(3,076)	(27,641)	(89)
Profit/(loss) before income tax	55,590	(2,205)	N/M	67,894	25,744	164
Income tax expense	(8,891)	(2,969)	199	(12,097)	(7,033)	72
Total profit/(loss)	46,699	(5,174)	N/M	55,797	18,711	198
Profit/(loss) attributable to:						
Equity holders of the Company	43,944	(3,834)	N/M	52,679	17,171	207
Non-controlling interests	2,755	(1,340)	N/M	3,118	1,540	102
Total profit/(loss)	46,699	(5,174)	N/M	55,797	18,711	198
Note 1:						
Total profit/(loss) - IFRS measure	46,699	(5,174)	N/M	55,797	18,711	198
Adjusted for non-IFRS measure:						
- Fair value (gains)/losses on investment properties including those of associated companies and joint venture	(20,266)	30,355	N/M	(4,874)	30,355	N/M
- Deferred tax arising from fair value changes	4,717	(566)	N/M	4,184	(566)	N/M
- Fair value loss on rent guarantee	-	107	(100)	-	107	(100)
- (Gain)/loss on disposal of assets held for sale	(2,019)	97	N/M	(2,019)	97	N/M
- Gain on disposal of a subsidiary	-	(1,398)	(100)	-	(1,398)	(100)
Profit from core business operations - non-IFRS measure	29,131	23,421	24	53,088	47,306	12
Note 2:						
Profit/(loss) attributable to equity holders of the Company - IFRS measure	43,944	(3,834)	N/M	52,679	17,171	207
Adjusted for non-IFRS measure:						
- Fair value (gains)/losses on investment properties including those of associated companies and joint venture attributable to equity holders	(20,540)	25,909	N/M	(8,358)	25,909	N/M
- Deferred tax arising from fair value changes	4,717	(566)	N/M	4,184	(566)	N/M
- Fair value loss on rent guarantee	-	107	(100)	-	107	(100)
- (Gain)/loss on disposal of assets held for sale	(2,019)	97	N/M	(2,019)	97	N/M
- Gain on disposal of a subsidiary	-	(1,398)	(100)	-	(1,398)	(100)
Profit from core business operations attributable to equity holders - non-IFRS measure	26,102	20,315	28	46,486	41,320	13

2. Condensed Interim Consolidated Statement of Comprehensive Income

	Group Second half year ended 31 December			Group Twelve months ended 31 December		
	2021	2020	Change	2021	2020	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Total profit/(loss)	46,699	(5,174)	N/M	55,797	18,711	198
Other comprehensive (loss)/income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Financial assets at fair value through other comprehensive income ("FVOCI") - debt instruments						
- Fair value (losses)/gains	(17)	(290)	(94)	618	(600)	N/M
- Reclassification	-	43	(100)	2	77	(97)
Cash flow hedges						
- Fair value gains/(losses)	486	(782)	N/M	2,311	(6,779)	N/M
- Reclassification	1,044	1,124	(7)	2,109	1,762	20
Share of other comprehensive (losses)/gains of associated companies and joint venture	(142)	(1,159)	(88)	140	(217)	N/M
Currency translation (losses)/gains arising from consolidation	(7,271)	16,120	N/M	(3,672)	10,376	N/M
Other comprehensive (loss)/income, net of tax	(5,900)	15,056	N/M	1,508	4,619	(67)
Total comprehensive income	40,799	9,882	313	57,305	23,330	146
Total comprehensive income attributable to:						
Equity holders of the Company	37,993	11,258	237	54,118	21,815	148
Non-controlling interests	2,806	(1,376)	N/M	3,187	1,515	110
Total comprehensive income	40,799	9,882	313	57,305	23,330	146
Earnings per share for the profit attributable to equity holders of the Company						
Basic earnings per share (cents)				6.27	2.04	207
Diluted earnings per share (cents)				6.27	2.04	207

N/M : Not meaningful

3. Condensed Balance Sheets

	<u>Group</u>		<u>Company</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and bank balances	67,493	83,868	20,310	28,247
Trade and other receivables	17,996	11,687	17,726	16,714
Inventories	164	65	-	-
Other assets	4,524	5,307	338	150
Financial assets, at fair value through other comprehensive income	6,453	6,779	6,453	6,779
	96,630	107,706	44,827	51,890
Assets held for sale	-	1,292	-	-
	96,630	108,998	44,827	51,890
Non-current assets				
Trade and other receivables	-	-	375,141	372,677
Other assets	896	1,022	-	130
Financial assets, at fair value through profit or loss	57	24	-	-
Investments in associated companies	117,071	111,462	1,298	1,298
Investment in a joint venture	4,732	4,758	-	-
Investments in subsidiaries	-	-	16,897	16,697
Investment properties	1,354,593	1,307,770	-	-
Property, plant & equipment	8,735	7,678	560	1,117
	1,486,084	1,432,714	393,896	391,919
Total assets	1,582,714	1,541,712	438,723	443,809
LIABILITIES				
Current liabilities				
Trade and other payables	46,182	37,154	11,789	11,549
Other liabilities	-	52	-	-
Current income tax liabilities	9,336	9,657	2,019	753
Derivative financial instruments	122	165	122	165
Borrowings	63,258	71,788	12,404	39,850
Lease liabilities	17,946	10,282	426	495
	136,844	129,098	26,760	52,812
Non-current liabilities				
Other liabilities	1,489	490	-	-
Deferred income tax liabilities	13,295	9,168	40	83
Derivative financial instruments	2,113	6,490	-	351
Borrowings	664,432	682,878	111,662	111,022
Lease liabilities	87,222	84,803	-	426
	768,551	783,829	111,702	111,882
Total liabilities	905,395	912,927	138,462	164,694
NET ASSETS	677,319	628,785	300,261	279,115
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	142,242	142,242	253,553	253,553
Other reserves	(25,049)	(26,488)	(176)	(1,188)
Retained profits	542,521	489,842	46,884	26,750
	659,714	605,596	300,261	279,115
Non-controlling interests	17,605	23,189	-	-
Total equity	677,319	628,785	300,261	279,115
Gearing ratio*	52%	55%		
Net gearing ratio**	47%	48%		

* 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. Condensed Interim Consolidated Statement of Cash Flows

	Twelve months ended 31 December	
	2021	2020
	\$'000	\$'000
Total profit	55,797	18,711
Adjustments for:		
- Income tax expense	12,097	7,033
- Depreciation	3,581	3,313
- Impairment of plant and equipment	-	508
- (Write back)/allowance for impairment of trade and other receivables	(112)	1,300
- Net loss on disposal of plant and equipment	13	9
- (Gain)/loss on disposal of assets held for sale	(2,019)	97
- Gain on disposal of a subsidiary	-	(1,398)
- Fair value losses on investment properties	3,076	27,641
- Interest income	(520)	(875)
- Finance expenses	22,734	23,319
- Share of profit of associated companies and joint venture	(15,077)	(4,819)
- Loss on disposal of financial assets, at FVOCI	2	77
- Fair value (gains)/losses on financial assets at fair value through profit or loss	(33)	132
- Unrealised currency translation differences	(30)	144
Operating cash flow before working capital changes	79,509	75,192
Change in working capital		
- Inventories	(99)	(21)
- Trade and other receivables	(7,058)	(4,232)
- Other assets	653	(2,025)
- Trade and other payables and other liabilities	9,177	(3,402)
Cash generated from operations	82,182	65,512
Income tax paid	(7,833)	(5,032)
Net cash provided by operating activities	74,349	60,480
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	71	79
Additions to investment properties	(31,006)	(11,377)
Additions to property, plant and equipment	(4,093)	(1,334)
Interest received	475	866
Dividends received from associated companies	9,675	2,166
Short-term bank deposits released as security to bank	-	1,255
Deposits refunded for acquisition of investment property	-	3,575
Purchase of financial assets, at FVOCI	(2,750)	(2,250)
Proceeds from disposal of financial assets, at FVOCI	3,730	4,000
Proceeds from disposal of assets held for sale	3,905	3,284
Disposal of subsidiary, net of cash disposed of	-	5,828
Net cash (used in)/provided by investing activities	(19,993)	6,092
Cash flows from financing activities		
Proceeds from borrowings	48,327	52,360
Loan from non-controlling interests	115	103
Repayment of loan from associated company	(2,160)	-
Repayment of borrowings	(71,269)	(42,241)
Interest paid on borrowings	(19,410)	(21,029)
Interest paid on lease liabilities	(3,538)	(2,440)
Repayment of principal portion of lease liabilities	(13,948)	(7,457)
Restricted cash charged as security to bank	(1,184)	-
Dividends paid to equity holders of the Company	-	(8,410)
Dividends paid to non-controlling interests	(8,771)	-
Net cash used in financing activities	(71,838)	(29,114)
Net (decrease)/increase in cash and cash equivalents held	(17,482)	37,458
Cash and cash equivalents		
Beginning of the financial year	83,868	46,378
Effects of currency translation on cash and cash equivalents	(77)	32
End of the financial year	66,309	83,868
The consolidated cash and cash equivalents comprise the following:-		
Cash and bank balances	67,493	83,868
Restricted cash and short-term bank deposits charged as security to bank	(1,184)	-
	66,309	83,868

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

	Workers accommodation \$'000	Student accommodation \$'000	Others \$'000	Total \$'000
Year ended 31 December 2021				
Revenue:				
Sales to external parties	109,428	32,064	1,525	143,017
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	3,272	593	1,525	5,390
- Over time	11,089	1,979	-	13,068
Segment results	65,037	10,723	328	76,088
Gain on disposal of assets held for sale	2,019	-	-	2,019
Finance expense	(14,165)	(8,569)	-	(22,734)
Interest income				520
Fair value (losses)/gains on investment properties	(12,932)	9,856	-	(3,076)
Share of profit of associated companies and joint venture	4,425	10,630	22	15,077
Profit before tax				67,894
Income tax expense				(12,097)
Net profit				55,797
Included in segment results:-				
Depreciation	2,832	717	32	3,581
As at 31 December 2021				
Segment assets	858,102	554,710	887	1,413,699
Short-term bank deposits				40,160
Financial assets, at FVOCI				6,453
Tax recoverable				599
Investments in associated companies	73,971	41,875	1,225	117,071
Investment in a joint venture	-	4,732	-	4,732
Consolidated total assets				1,582,714
Segment liabilities	136,878	17,836	360	155,074
Borrowings	398,205	329,485	-	727,690
Current income tax liabilities				9,336
Deferred income tax liabilities				13,295
Consolidated total liabilities				905,395
Other segment items:				
Capital expenditure	9,046	26,483	36	35,565

6) Segment Information (continued)

The segment information provided to the Senior Management for the reportable segments are as follows:

	Workers accommodation \$'000	Student accommodation \$'000	Others \$'000	Total \$'000
Year ended 31 December 2020				
Revenue:				
Sales to external parties	91,537	35,768	1,050	128,355
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	2,148	563	958	3,669
- Over time	5,786	1,569	-	7,355
Segment results	55,582	14,469	(342)	69,709
Finance expense	(14,207)	(9,112)	-	(23,319)
Interest income				875
Gain on dilution of interest in a subsidiary	-	-	1,398	1,398
Loss on disposal of investment properties	-	(97)	-	(97)
Fair value losses on investment properties and assets held for sale	(10,247)	(17,394)	-	(27,641)
Share of profit of associated companies and joint venture	4,054	660	105	4,819
Profit before tax				25,744
Income tax expense				(7,033)
Net profit				18,711
Included in segment results:-				
Depreciation	2,228	1,050	35	3,313
As at 31 December 2020				
Segment assets	848,307	521,952	3,230	1,373,489
Short-term bank deposits				44,408
Financial assets, at FVOCI				6,779
Tax recoverable				816
Investments in associated companies	79,180	31,063	1,219	111,462
Investment in a joint venture	-	4,758	-	4,758
Consolidated total assets				1,541,712
Segment liabilities	121,879	17,078	479	139,436
Borrowings	435,202	319,464	-	754,666
Current income tax liabilities				9,657
Deferred income tax liabilities				9,168
Consolidated total liabilities				912,927
Twelve months ended 31 December 2020				
Other segment items:				
Capital expenditure	7,775	5,106	-	12,881

7. NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FOR THE YEAR ENDED 31 DECEMBER 2021

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 unaudited condensed interim consolidated 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

This unaudited condensed interim consolidated financial statements for the six months and the full year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34, "Interim Financial Reporting", and International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The unaudited condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 ("FY2020"), which have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs").

The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for FY2020.

The unaudited condensed interim consolidated 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 IFRS and SFRS(I) 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

In the financial year ended 31 December 2021, the Group has adopted all the new and revised SFRS(I)s and IFRSs that are relevant to its operations and effective for its accounting period beginning on 1 January 2021. The adoption of these new and revised SFRS(I)s and IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

d) Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in Note 7 (q) – determination of fair value of investment properties using significant unobservable inputs.

e) Revenue

	Group Second half year ended 31 December		Group Twelve months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Rental income from investment properties	67,049	54,196	124,559	117,331
<u>Revenue from contracts with customers (IFRS15)</u>				
Other revenue from accommodation business	5,384	3,176	10,569	5,135
Sales of optical storage media and other trading goods	998	631	1,525	958
Management services	4,859	3,762	6,364	4,931
Total revenue	78,290	61,765	143,017	128,355
<u>Geographical information</u>				
Singapore	55,233	42,724	98,255	84,252
Malaysia	6,733	5,522	13,468	10,954
Australia	2,189	3,338	4,537	8,442
United Kingdom	12,931	9,129	24,533	22,447
Other countries	1,204	1,052	2,224	2,260
Total revenue	78,290	61,765	143,017	128,355

f) Revenue and profit breakdown

	Group Twelve months ended 31 December	
	2021 \$'000	2020 \$'000
<u>Continuing operation:</u>		
(a) Revenue reported for first half year	64,727	66,590
(b) Profit after tax reported for first half year	9,098	23,885
(c) Revenue reported for second half year	78,290	61,765
(d) Profit after tax reported for second half year	46,699	(5,174)

g) Other income

	Group Second half year ended 31 December		Group Twelve months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest income				
- Financial assets measured at amortised cost	77	166	164	383
- Debt investments measured at FVOCI	192	265	356	492
	269	431	520	875
Government grant income	2,119	7,051	4,001	8,941
Government grant expense - rent concessions	(46)	(927)	(46)	(1,119)
	2,073	6,124	3,955	7,822
Others	18	251	240	251
	2,360	6,806	4,715	8,948

h) Other gains/(losses) - net

	Group		Group	
	Second half year		Twelve months	
	ended 31 December	ended 31 December	ended 31 December	ended 31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Currency exchange (losses)/gains - net	(122)	(31)	(106)	122
Write back/(allowance) for impairment of trade and other receivables	22	176	112	(1,300)
Loss on derecognition of financial assets	(666)	(3,589)	(666)	(3,589)
Impairment of property, plant and equipment	-	(508)	-	(508)
Net loss on disposal of plant and equipment	(9)	(6)	(13)	(9)
Net gain/(loss) on disposal of assets held for sale	2,019	(97)	2,019	(97)
Net gain on disposal of a subsidiary	-	1,398	-	1,398
Financial assets, at fair value through other comprehensive income				
- reclassification from other comprehensive income on disposal	-	(43)	(2)	(77)
Fair value gain/(loss) on financial assets, at fair value through profit or loss	33	(132)	33	(132)
Others	21	(86)	6	-
	1,298	(2,918)	1,383	(4,192)

i) Income tax expense

	Group		Group	
	Second half year		Twelve months	
	ended 31 December	ended 31 December	ended 31 December	ended 31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Tax expense attributable to the profit is made up of:				
- Profit for the financial year				
Current income tax				
- Singapore	3,413	3,091	6,124	5,802
- Foreign	549	377	1,606	1,782
	3,962	3,468	7,730	7,584
Deferred income tax	4,884	(545)	4,344	(543)
	8,846	2,923	12,074	7,041
- Under/(over) provision in prior financial year				
Current income tax	62	(143)	23	(193)
Deferred income tax	(17)	189	-	185
	8,891	2,969	12,097	7,033

j) Other information on Income Statement

	Group		Group	
	Second half year		Twelve months	
	ended 31 December	ended 31 December	ended 31 December	ended 31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Depreciation	(1,890)	(1,587)	(3,581)	(3,313)

k) Dividends**Ordinary dividends paid**

Final exempt dividend paid in respect of the previous financial year of nil Singapore cent (2020: final exempt dividend paid in respect of the financial year 2019 of 1.0 Singapore cent) per share

Group	
Twelve months ended 31 December	
2021	2020
\$'000	\$'000
-	8,410

l) Related party transactions**(a) Sales and purchases of goods and services**

Services provided to immediate holding corporation
 Services provided to associated companies
 Purchases from a company which a director has an interest
 Interest charged by associated company
 Interest charged by non-controlling interest

Group	
Twelve months ended 31 December	
2021	2020
\$'000	\$'000
88	83
1,973	2,129
66	111
631	826
97	124
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4,376	4,132
96	138
4,472	4,270

(b) Key management personnel compensation

Wages and salaries
 Employer's contribution to defined contribution plan, including Central Provident Fund

Included in above, total compensation to directors of the Company amounted to S\$2,221,000 (2020: S\$1,939,000).

m) 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	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Up to 3 months	9,469	5,164
3 to 6 months	2,124	1,104
Over 6 months	537	599
	12,130	6,867
Less: Cumulative allowance for impairment	(1,338)	(1,748)
	10,792	5,119

n) Financial assets, at fair value through other comprehensive income

Financial assets, at fair value through other comprehensive income are analysed as follows:

	Group		Company	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Listed debt securities – Singapore	6,453	6,779	6,453	6,779

Financial assets, at fair value through other comprehensive income were classified as current assets as management intends to hold these assets for contractual cash flows and dispose these assets as and when they are needed for working capital.

o) Financial assets, at fair value through profit or loss

Financial assets, at fair value through profit or loss are analysed as follows:

	Group	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<i>Designated at fair value on initial recognition</i>		
- Unquoted equity investment – Singapore	57	24

As at 31 December 2021 and 2020, the fair value of unquoted equity investment is estimated by making reference to the Group's share in the attributable net assets of the investee company as reflected in their latest available financial information. The attributable net assets of the investee company comprise mainly of real estate properties, and are adjusted where applicable, for independent valuations of the real estate properties held by the investee company as at balance sheet date.

p) Assets held for sale

Details of the assets classified as held-for-sale are as follows:-

	Group	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Beginning of financial year	1,292	5,447
Currency translation differences	-	(32)
Disposal	(1,113)	(4,123)
Reclassification to property, plant and equipment	(179)	-
End of financial year	-	1,292

p) Assets held for sale (continued)

During the financial year ended 31 December 2021, the 4-storey shophouse located at South Jakarta, Indonesia has ceased to be classified as assets held for sale as the management has decided to use it for administrative purpose. Accordingly, this asset with carrying value of S\$179,000 is reclassified from assets held for sale to property, plant and equipment.

On 2 July 2021, the Group has completed the sale of the factory unit located in Indonesia to a third party. A gain on disposal of this asset held for sale amounting to approximately S\$2,019,000 is recognised in the current financial year.

q) Investment properties

	Group	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Beginning of financial year	1,307,770	1,275,879
Currency translation differences	(6,215)	17,162
Additions	56,114	51,553
Disposal via sale of a subsidiary	-	(4,982)
Adjustment in relation to extension option	-	(4,201)
Net fair value losses recognised in profit or loss	(3,076)	(27,641)
End of financial year	1,354,593	1,307,770

Investment properties are leased to non-related parties under operating leases.

Included in additions are acquisition of an investment property of S\$9,812,000 (2020: S\$nil), capitalised expenditure of S\$21,134,000 (2020: S\$11,377,000) and right-of-use assets of S\$25,168,000 (2020: S\$40,176,000).

Certain investment properties are pledged as security for the bank facilities extended to subsidiaries. The carrying values of these investment properties amounted to approximately S\$1,234,471,000 (2020: S\$1,205,894,000).

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year based on the properties' highest and best use. The valuation forms the basis for the carrying amounts of the investment properties held directly by the Group in the consolidated financial statements. There is significant judgement in key inputs used in the valuation. These key inputs include discount rate, rental rate, market value of comparable property, capitalisation rate, cost to complete and cost per square metre, and are dependent on the nature of each investment property and the prevailing market conditions.

The Group recognised the net fair value losses on investment properties amounted to S\$3,076,000 (2020: S\$27,641,000) with the breakdown as follows:

	Group Twelve months ended 31 December	
	2021 \$'000	2020 \$'000
Net fair value gains/(losses) in relation to investment properties	4,890	(20,354)
Net fair value losses in relation to right-of-use assets classified as investment properties	(7,966)	(7,287)
Total	(3,076)	(27,641)

r) Property, plant & equipment

During the financial year ended 31 December 2021, the additions and disposals of the Group's property, plant and equipment amounted to S\$4,619,000 (2020: S\$1,504,000) and S\$84,000 (2020: S\$269,000) respectively.

s) 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	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Up to 3 months	3,579	2,344
3 to 6 months	95	87
Over 6 months	249	265
	3,923	2,696

t) Borrowings

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
(i) Amount repayable in one year or less, or on demand				
Secured	47,254	29,778	-	-
Unsecured	16,004	42,010	12,404	39,850
Sub Total	63,258	71,788	12,404	39,850
(ii) Amount repayable after one year				
Secured	528,835	544,434	-	-
Unsecured	135,597	138,444	111,662	111,022
Sub Total	664,432	682,878	111,662	111,022
Total borrowings	727,690	754,666	124,066	150,872

(iii) Details of any collateral

The Group's secured borrowings include bank borrowings. The borrowings are secured by fixed charges over certain investment properties of the subsidiaries.

u) **Share capital and treasury shares**

Company No. of shares issued	Group Share capital \$'000	Company Share capital \$'000
840,778,624	142,242	253,553

Share capital

Beginning and end of financial year

Company	
31 Dec 2021	31 Dec 2020
840,778,624	840,778,624

Total number of issued shares excluding treasury shares

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.

Share options, warrants and convertibles

As at 31 December 2021 and 31 December 2020, the Company did not have any employee share option scheme and has no outstanding options, warrants or convertibles.

Treasury shares and subsidiary holdings

Company	
As at 31 Dec 2021	As at 31 Dec 2020
-	-
-	-
0%	0%

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

v) **Purchase, sales or redemption of the Company's listed securities and sales, transfer, cancellation and/or use of treasury shares and subsidiary holdings**

There was no purchase, sales or redemption of the Company's listed securities and sales, transfer, cancellation and/or use of treasury shares and subsidiary holdings during the year ended 31 December 2021 except that the fixed rate notes due 2022 of the aggregate outstanding principal amount of S\$12,250,000 were fully redeemed by the Company at 100 per cent of the said principal amount together with the interest accrued thereof, on 1 February 2021.

w) Non-IFRS measure

The Group has disclosed non-IFRS measure consistently over the past years to provide the shareholders and potential investors with a clearer understanding of the Group's year-to-year or period-to-period recurring profits derived from the Group's core business operations.

The reconciling items were disclosed on the Condensed Interim Consolidated Income Statement on Page 2.

The adjusting items for IFRS financial measure to non-IFRS financial measure include the following:-

In relation to fair value changes:

- i) Fair value (gains)/losses on investment properties including those of associated companies and joint venture. The Group has adopted fair value model for accounting of the investment properties which reflects the market conditions at the end of the reporting year. The Group engaged external and independent valuers to determine the fair value of the Group's investment properties at the end of every financial year. The Group had recognised the fair value changes as fair value gains/(losses) in the Condensed Interim Consolidated Income Statement. The fair value (gains)/losses also included the adjustment of the fair value of right-of-use assets classified as investment properties in relation to the Group's leased properties in accordance with IFRS 16 Leases.
- ii) Deferred tax expenses/(credit) arising from fair value changes. The deferred tax expenses/(credit) were recorded due to changes in fair value of the Group's investment properties which resulted in higher income tax expense recognised from the fair value gains or vice versa.
- iii) Fair value loss on rent guarantee was arose from the market value determined by external independent valuer at end of the financial year for one of the Group's investment properties as the seller had provided the rent guarantee up to certain period after we acquired the property.

In relation to one-off capital gains/loss:

- iv) (Gain)/loss on disposal of assets held for sale was a one-off transaction recognised through the disposal of the assets held for sale to third parties during the current and previous financial year.
- v) Gain on disposal of a subsidiary was derived from disposal of its 100% indirectly owned subsidiary to a third party in FY2020.

The above-mentioned adjusting items do not arise from the normal Company's operations and were reported on the Condensed Interim Consolidated Income Statement for the financial year ended 31 December 2021 together with the comparative financial year ended 31 December 2020. These fair value movements and one-off transactions result in significant fluctuation in the IFRS financial measures of the Group's performance. Correspondingly, shareholders may not be able to appreciate the Group's financial performance generated from its core business operations which is the managing and operating of workers and student accommodation. Hence, the Group has excluded these adjusting items with the intention to provide a clearer picture of the Group's performance.

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

(a)(i) Second half year review – 2H 2021 vs 2H 2020

The Group's revenue increased 27% from S\$61.8 million in the half year ended 31 December 2020 ("2H 2020") to S\$78.3 million in the half year ended 31 December 2021 ("2H 2021"), while profit from core business operations increased S\$5.7 million or 24% year-on-year to S\$29.1 million over the same period.

The higher revenue was mainly due to revenue contribution from newly leased and operated assets for workers accommodation in Singapore and Malaysia. These included four Quick Build Dormitories ("QBDs") as well as a Purpose-Built Workers Accommodation ("PBWA"), Westlite-PKNS Petaling Jaya, in Malaysia ("PKNS"). The two Migrant Worker Onboarding Centres ("MWOCs") that the group manages have also contributed positively to the revenue growth. The improvement in revenue was also seen in the existing Malaysia PBWA portfolio, and the UK Purpose-Built Student Accommodation ("PBSA") portfolio, with financial occupancies improving and recovering from the COVID-19 disruption. The increase in revenue was however offset by a reduction in revenue from the PBSA portfolio in Australia, which were impacted by COVID-19 travel restrictions and cessation of operations of dwell Selegie in Singapore.

In Singapore, the four QBDs that commenced operations progressively since September 2020 have delivered revenue growth of S\$11.1 million in 2H 2021 vs 2H 2020, with a strong average occupancy of 91% in 2H 2021. The 2 MWOCs contributed S\$5.2 million revenue to the Group.

Excluding the four QBDs, occupancy for the Group's Singapore Purpose-Built Dormitories ("PBDs") are recovering gradually in 2021 but financial occupancy declined 1 percentage point from 89% in 2H 2020 to 88% in 2H 2021 as the outflow of migrant workers from South Asia who returned home in 2020 have not been entirely replaced by the inflow of migrant workers who were progressively returning to Singapore after a period of heightened COVID-19 measures and border closures.

In Malaysia, revenue for all PBWA improved 22% despite nationwide and localised Movement Control Orders to curb the spread of COVID-19. Excluding Westlite-PKNS Petaling Jaya, the newly-leased asset from Selangor State Development Corporation, the workers accommodation portfolio in Malaysia achieved higher financial occupancy of 82% in 2H 2021 as compared to 80% in 2H 2020. Westlite-PKNS Petaling Jaya started operations in December 2020 and is in the process of ramping up its occupancy amidst the pandemic.

The Group's student accommodation assets in the UK have had a growth in occupancy from 53% in 2H 2020 to 82% in 2H 2021, as COVID-19 restrictions on international travel and on-campus programmes had been lifted during 2H 2021.

Australia's state borders, however, remained closed to both international and interstate travel during 2H 2021, to contain the spread of COVID-19. As a result, average financial occupancy in Australia was 25% for 2H 2021, as compared to 39% in 2H 2020.

The Group's gross profit increased 22% from S\$41.5 million in 2H 2020 to S\$50.9 million in 2H 2021 in tandem with the revenue growth.

Other income reduced by S\$4.4 million with the cessation of various government support schemes in view of COVID-19. With the government grant income received, the Group had voluntarily waived a higher proportion of contractual rents in 2H 2020 compared to 2H 2021 to support and assist tenants whose operations were adversely impacted by the COVID-19 pandemic; the rent waived is recorded as a loss on derecognition of financial assets. Separately, a disposal of a factory unit in Indonesia also contributed S\$2.0 million to Other gains in 2H 2021.

Administrative expenses increased due to business expansion, while distribution expenses reduced as a result of cost savings measures. Finance expenses increased by S\$0.3 million mainly due to the interest accounted on lease liabilities from the leasing of the QBDs and PKNS.

Share of profit of associated companies and joint venture increased by S\$11.3 million to S\$12.5 million in 2H 2021, mainly due to fair value gains on investment properties in the US PBSA portfolio as compared to fair value losses in 2H 2020.

A valuation exercise was conducted by independent valuers on the Group's investment properties as at 31 December 2021, and a net fair value gains of S\$11.4 million was recognised in 2H 2021 as compared to a net fair value loss of S\$ 27.6 million in 2H 2020. The fair value gains on investment properties of S\$14.2 million was offset against S\$2.8 million adjustment of fair value of right-of-use ("ROU") investment properties in relation to the Group's leased properties as at 31 December 2021, in accordance with IFRS 16 Leases. The net fair value gains on investment properties was a reflection of the current market conditions on paths of recovery and borders re-opening as compared to uncertainties of COVID-19 in December 2020.

Income tax expenses increased S\$5.9 million largely due to deferred income tax provided on fair value gains in investment properties and higher profit.

Accordingly, net profit after tax derived from the Group's operations for 2H 2021 was S\$46.7 million, as compared to a loss of S\$5.2 million in 2H 2020.

Excluding fair value adjustments and gain on disposal of assets held for sale, net profit derived from core business operations was S\$29.1 million in 2H 2021, which was S\$5.7 million higher than S\$23.4 million in 2H 2020.

(a)(ii) Twelve months review - FY 2021 vs FY 2020

The Group registered a 11% growth in revenue to S\$143.0 million in the full year ended 31 December 2021 ("FY 2021") from S\$128.4 million in the full year ended 31 December 2020 ("FY 2020"), while profit from core business operations increased S\$5.8 million or 12% year-on-year to S\$53.1 million over the same period.

The higher revenue was mainly due to revenue contribution from newly leased and operated assets for workers accommodation in Singapore and Malaysia. These included four QBDs as well as a PBWA, Westlite-PKNS Petaling Jaya, in Malaysia ("PKNS"). The two MWOCs that the group manages have also contributed positively to the revenue growth. The improvement in revenue was also seen in our UK PBSA portfolio, recovering from COVID-19 disruptions with financial occupancies improving 2% to 72%. The increase in revenue was however offset by a reduction in revenue from the Group's existing PBWA assets in Singapore and PBSA portfolio in Australia where they experienced weaker demands due to Covid-19 travel and immigration restrictions. Singapore PBWA assets financial occupancy rates reduced 9% from 94% in FY2020 to 85% in FY2021 with a lower number of migrant workers population as migrant workers inflow back to Singapore continued to be disrupted with the emergence of new Covid-19 variants coupled with a higher supply of dormitory beds from QBDs and Construction Temporary Quarters ("CTQs") built in response to the Pandemic. The PBSA portfolio in Australia experienced further reduction in demand as strict travel restrictions and border closures continued during FY2021.

Gross profit increased by S\$4.7 million in line with the increase in revenue from new businesses, offset by lower contribution from Australia PBSA portfolio and Singapore PBWA portfolio.

Other income and loss on derecognition of financial assets reduced by S\$4.2 million and S\$2.9 million respectively due to lower government grant income.

Allowance of S\$1.3 million was provided for the impairment of trade and other receivables in FY 2020 whereas S\$112,000 was written back in FY 2021.

During FY2021, the Group registered a gain of S\$2.0 million from the disposal of the factory unit in Indonesia. In comparison, in FY 2020, the Group registered a gain of S\$1.4 million on disposal of Shanghai Huade Photoelectron Science & Technology Co Ltd in China, offset by a S\$0.5 million impairment of property, plant & equipment in dwell Selegie in FY 2020.

Finance expenses decreased by S\$0.6 million to S\$22.7 million due to the lower interest rate environment in FY 2021, offset by higher interest incurred in the lease liabilities from the leasing of the four QBDs in Singapore and PKNS in Malaysia.

Share of profit of associated companies and joint venture increased S\$10.3 million to S\$15.1 million in FY 2021 from S\$4.8 million in FY 2020 largely due to the fair value uplift on investment properties in the US PBSA portfolio.

Net fair value losses on investment properties was S\$3.1 million as compared to S\$27.6 million in FY 2020 mainly from fair value reduction on Right Of Use assets and the PBWA portfolio in Singapore offset by the fair value gains in the UK PBSA portfolio and Malaysia PBWA portfolio due to the recovery of occupancy rates and market environment from Covid-19 in FY2021.

Income tax expenses increased S\$5.1 million largely due to deferred income tax provided on fair value adjustments in investment properties.

Accordingly, the Group's net profit in FY 2021 was S\$55.8 million, S\$37.1 million or 198% higher than the S\$18.7 million recorded in FY2020.

Excluding the effects on fair value adjustments, net profit from core business operations was S\$53.1 million in FY 2021, which was S\$5.8 million or 12% higher than S\$47.3 million in FY 2020.

The Group's net profit from core business operations attributable to equity holders was S\$46.5 million in FY 2021, an increase of 13% from S\$41.3 million in FY 2020.

(b) Review of Group Balance Sheet

Assets

Cash and bank balances reduced by S\$16.4 million to S\$67.5 million as at 31 December 2021, largely due to the redemption of the remaining fixed rate notes due 2022 issued by the Company ("Series 004 Notes") of S\$12.3 million in February 2021.

Trade and other receivables increased by S\$6.3 million, mainly arising from the commencement of operations in QBDs and MWOCs in Singapore.

Investments in associated companies increased by S\$5.6 million largely due to the fair valuation gains in its investment properties.

Investment properties increased by S\$46.8 million, largely due to the additions of right-of-use assets of S\$25.2 million, as well as asset enhancements works in the UK and development works in Malaysia. The increase is offset by fair value losses on investment properties of S\$3.1 million.

Trade and other payables increased by S\$9.0 million due to rental deposits collected by the newly operated QBDs and advance rentals collected by UK in the new academic year.

Deferred income tax liabilities increased S\$4.1 million due to more deferred tax provided for fair value uplift of the investment properties.

Lease liabilities increased by S\$10.1 million to S\$105.2 million mainly due to the commencement of Westlite Tukang and Westlite Tuas South Boulevard QBD leases from JTC in FY 2021.

Borrowings & Gearing

The Group's borrowings reduced from S\$754.7 million to S\$727.7 million, largely due to the redemption of the Series 004 Notes and regular loan repayments.

As at 31 December 2021, the Group had net current liabilities of S\$40.2 million. The Group currently has sufficient cash resources and banking facilities of S\$167.7 million to meet its current liabilities.

The Group's net gearing ratio was 47% as at 31 December 2021, an improvement compared to 48% as at 31 December 2020. The Group's acquired operating assets and assets under development are primarily funded through bank borrowings, which has an average remaining maturity profile of 6 years. The Group uses long-term bank debt with regular principal repayments to finance its long-term assets.

As at 31 December 2021, the Group's balance sheet remained healthy with S\$67.5 million in cash and bank balances.

(c) Review of Company Balance Sheet

The redemption of the remaining Series 004 Notes of S\$12.3 million in February 2021 and regular loan repayments has resulted in reduced borrowings and cash and bank balances.

(d) Review of Statement of Cash Flows

In FY 2021, the Group generated a positive cash flow of S\$74.3 million from operating activities.

Net cash used in investing activities amounted to S\$20.0 million, mainly due to the addition to investment properties, and property, plant and equipment.

The Group recorded net cash used in financing activities of S\$71.8 million mainly for the repayment of borrowings, interest and principal portion of lease liabilities paid during the year.

9. (a) Earnings per share

	Group Twelve months ended 31 December	
	2021	2020
Net profit attributable to equity holders of the Company (S\$'000)	52,679	17,171
Net profit from core business operations attributable to equity holders of the Company (S\$'000)	46,486	41,320
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,779	840,779
<u>Earnings per ordinary share:</u>		
(i) Basic earnings per share (cents)	6.27	2.04
(ii) Diluted earnings per share (cents)	6.27	2.04
<u>Earnings per ordinary share based on core business operations:</u>		
(i) Basic earnings per share (cents)	5.53	4.91
(ii) Diluted earnings per share (cents)	5.53	4.91

(b) Net asset value

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per ordinary share (see note below)	78.46 cents	72.03 cents	35.71 cents	33.20 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 31 December 2021 and 31 December 2020.

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

As at 31 December 2021, Centurion operates a diversified portfolio of 36 operational purpose-built workers and student accommodation assets ("PBWA" and "PBSA" respectively), comprising 79,713 beds diversified across Singapore, Malaysia, Australia, South Korea, the United Kingdom ("UK") and the United States ("US").

Workers Accommodation

Singapore

In Singapore, four Quick-Build Dormitories ("QBDS") and two Migrant Worker Onboarding Centres which were progressively added to the Group's workers accommodation business since 4Q 2020 contributed to the Group's performance in 2021 and are expected to provide a full period of contribution in 2022. The Group also operates five Purpose-Built Dormitories ("PBDs") which achieved an average occupancy rate of 85% in FY2021. Although the financial occupancies in the PBDs in FY 2021 have not fully recovered compared to the full year ended 31 December 2020 ("FY 2020"), it is gradually recovering due to the resumption of arrivals for dormitory-bound work pass holders through travel lanes and through programmes with upstream testing and isolation in source countries¹.

The reduction in migrant worker numbers in Singapore caused by the pandemic is anticipated to remain a challenge, affecting demand for available PBD beds in Singapore until the migrant worker numbers recover to pre-COVID-19 levels. According to Ministry of Manpower in January 2022, the number of work permit holders of 834,000 as at June 2021 is 16 per cent lower compared to December 2019². Recovery in the numbers of migrant workforce in the Construction, Marine and Process industry segments is expected to be gradual.

At the same time, there remains approximately 60,000 new and temporary supply of beds³ which has increased the bed supply due to the Pandemic. These supply are only expected to expire over the next few years. New specifications for existing PBDs, which are expected to be announced in 2022, will also require dormitory owners and operators to do retrofitting works and calibrate accordingly, with time and support extended by the authorities for the industry to achieve the desired state⁴.

Malaysia

The Group's Malaysian PBWA portfolio comprises eight properties spanning Johor in the South, Penang in the North and Selangor in the Central region of Peninsula Malaysia. The States of Johor, Penang, and Selangor are the top three states in Malaysia with the highest number of foreign workers in the manufacturing sector, which dominates the number of foreign workers, with about 35% of the country's estimated 2 million foreign workforce⁵.

Westlite-PKNS Petaling Jaya asset in Selangor strengthened in terms of business traction and new capacity were added in Johor, where Asset Enhancement Initiatives to develop three additional blocks at Westlite Tampoi and retro-fit two acquired blocks in Westlite Pasir Gudang have also been completed. Going forward, these assets are expected to contribute to the Group's performance.

The Group has also progressively reconfigured its PBWA dormitories and is fully compliant with Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("Act 446") as at 1 January 2022. Due to the requirement to comply with Act 446, demand for quality and well-planned workers' accommodations is expected to increase.

However headwinds remain as many businesses scaled down their operations during the COVID-19 pandemic. The migrant workforce has also been reduced, compressed by existing workers leaving the country and the inflow of new workers being affected due to measures to curb the virus' transmission, impacting the employers' ability to bring new workers into Malaysia⁶.

Student Accommodation

As at 31 December 2021, the Group had a portfolio of 6,057 beds across 19 operational PBSA assets in Australia, South Korea, the UK and the US. Other than Australia, bookings and financial occupancy in the Group's PBSAs are improving across the markets.

Remarks:

1. ['Dormitory-bound work pass holders cannot enter Singapore via VTL: MOM'](#), The Business Times, 5 December 2021
2. ['The Big Read: The COVID-19-induced foreigners' exodus — will they return to Singapore and what if they don't?'](#), CNA, 31 January 2022
3. Comprises quick build dormitories, temporary fitting out of currently unused state properties, and construction temporary quarters
4. ['MOM to embark on multi-year road map to build more resilient migrant workforce: Tan See Leng'](#), The Straits Times, 18 December 2021
5. ['The Changing Landscape Of Workers' Accommodations'](#), Knight Frank, November 2021.
6. Source: ['Malaysia's glove industry appeals for foreign labour intake amid Covid-19 restrictions'](#), The Straits Times, 28 September 2021

United Kingdom

The average financial occupancy in the Group's UK portfolio, which comprises 10 assets strategically located near top universities, has improved to 82% in 2H 2021. The UK has expanded recognition of vaccination certificates from a growing number of countries⁷ and reduced COVID-19 testing upon arrivals⁸.

With the easing of Covid-19 travel restrictions, international students have been able to travel more easily into the UK and the outlook remains strong. The UK government has committed to develop UK as a global education hub and UK higher education providers have hit their 600,000 target a decade earlier, with 605,130 international students hosted in the Academic Year 2020/21⁹. As of December 2021, bookings for Academic Year 21/22 have reached close to 90% and enquiries into bookings for Academic Year 22/23 have begun.

Australia

In Australia, the average financial occupancy of the Group's two assets declined to 26% in FY 2021 but is gradually improving. Thousands of international students are now allowed back into the country since the border re-opening was announced in November 2021 and the Australian share of demand from international students has recovered from a low of 16.2% in October 2021 to 19.7% in January 2022¹⁰. Barring changes to travel reopening and in-person university campus programmes, the financial occupancy is expected to improve progressively over 2H 2022 or Semester 2 of Academic Year 2022.

South Korea

In South Korea, dwell Dongdaemum has exhibited a strong recovery, recording financial occupancy of 78% for 2H 2021, as compared to 55% for 1H 2021. The Group has also received close to full bookings for the first semester of Academic Year 2022, and demand from international students for exchange and language programmes remain robust.

United States

The US portfolio remains strong. Centurion's US portfolio comprises six freehold PBSAs, which are held under the Centurion US Student Housing Fund, the Group's inaugural private fund. Centurion holds approximately 28.7% of the total number of units in issue in the Centurion US Student Housing Fund and is the manager of the fund and its assets. in the PBSA sector. The average financial occupancy had improved further in FY 2021 and with increased and active management, the US PBSA portfolio is expected to continue to see better performance.

Looking Ahead

The economic recovery from Covid-19 is underway, international travel restrictions are easing, and the populations of migrant workers and students continue to expand across the geographies where Centurion operates, including Australia. Operators of niche accommodation such as PBWAs and PBSAs will have to calibrate assets, spaces and operations with present and future pandemic management measures, while caring for the well-being of workers and student residents. Notwithstanding uncertainties from COVID-19, the Group is confident that demand for quality PBWA and PBSA remains robust, and will continue to prudently enlarge its portfolio and expand its revenue streams, strategically and where sensible.

In addition, as part of continuing efforts to rationalise its portfolio of assets, the Group will carry out a strategic review of its specialised accommodation portfolio to explore opportunities for enhancing shareholder value.

In light of the Group's improved performance for FY2021, the Remuneration Committee has recommended and the Board of Directors has approved the reinstatement of the salaries of the senior management staff of the Group in Singapore, which had been cut since 1 May 2020, with effect from 1 January 2022. Further, the voluntary 15% reduction in Directors' fees to cease with effect from 1 January 2022 in line with the cessation of the salary cut of the senior management staff of the Group in Singapore. The reinstated Directors' fees for FY2022 will be subject to shareholders' approval at the forthcoming Annual General Meeting to be held in April 2022.

Remarks:

7. 'England set to remove final countries from Covid travel 'red list'', The Guardian, 28 October 2021.

8. 'UK to lift COVID test requirements for vaccinated travellers, students from Feb. 11', Study International, 25 January 2022

9. 'UK Meets Target of 600,000 International Students Ten Years Earlier Than Planned', Erudera College News, 25 January 2022

10. 'Border opening spurs rebound in demand from international students', The Conversation, 19 January 2022

11. Use of proceeds

Not applicable

12. Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on ?

Name of Dividend	<u>Final dividend</u>
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.5 cent per ordinary share
Currency	SGD
Tax Rate	1-tier tax exempt

Subject to approval by shareholders of the Company at the Annual General Meeting to be held on 28 April 2022, shareholders in Singapore will receive the proposed final dividend of SGD0.5 cent per share. Shareholders in Hong Kong will receive the proposed final dividend of Hong Kong dollar equivalent of HKD2.88 cents per share.

*Exchange used: SGD1 = HKD5.7571 as at 24 February 2022

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 28 April 2022, will be paid on 27 May 2022.

(d) Book Closure Date

For shareholders in Singapore

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 11 May 2022 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited (B.A.C.S.) at 8 Robinson Road #03-00, ASO Building, Singapore 048544, up to 5:00 pm on 10 May 2022 will be registered to determine shareholders' entitlements to the proposed final dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares at 5:00 pm on 10 May 2022 will be entitled to the proposed final dividend.

Note:

With effect from 1 March 2022, the address of the Company's Share Registrar, B.A.C.S. will be changed to 77 Robinson Road #06-03, Robinson 77, Singapore 068896.

(d) Book Closure Date (continued)

For shareholders in Hong Kong

The Hong Kong branch share register will be closed on 11 May 2022 for the purpose of determining the shareholders' entitlements to the final dividend to be proposed at the forthcoming Annual General Meeting. In order to qualify for the proposed final dividend for shareholders whose names appear on the Hong Kong branch share register, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on 10 May 2022.

The Hong Kong branch share register will be closed from 25 April 2022 to 28 April 2022, both days inclusive, during which period no transfer of shares will be registered, for determining the entitlement to attend and vote at the Annual General Meeting to be held on 28 April 2022. All transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on 22 April 2022.

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

	Company	
	2021	2020
	\$'000	\$'000
Ordinary shares	4,204	-
Preference shares	-	-
Total	4,204	-

Dividends distributed by the Company are tax exempt dividends for Singapore tax purposes, which means they will not be subject to Singapore tax in the hands of shareholders. There is also no Singapore withholding tax on dividends paid to non-resident shareholders.

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

Not applicable

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 auditor, PricewaterhouseCoopers LLP. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers LLP, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers LLP in this respect did not constitute an assurance engagement in accordance with Singapore Standards on Auditing, Singapore Standards on Review Engagements, or Singapore Standards on Assurance Engagements and consequently no assurance has been expressed by PricewaterhouseCoopers LLP on the preliminary announcement.

16. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a 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 2020 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 with the management and the external auditors of the Company, PricewaterhouseCoopers LLP, the annual results announcement of the Group for the year ended 31 December 2021 and the accounting principles and policies adopted by the Group.

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 twelve months ended 31 December 2021, 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 twelve months ended 31 December 2021.

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, and Annual General Meeting

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. Printed copies of the annual report of the Company for the twelve months ended 31 December 2021 will be despatched to shareholders in Hong Kong and made available to shareholders in Singapore upon request. The said annual report will be published on the respective websites of the HKEX, SGX-ST and the Company in due course.

The Annual General Meeting of the Company will be held on Thursday, 28 April 2022.

A notice convening the Annual General Meeting will be published and dispatched to shareholders of the Company in the manner as required by the HK Listing Rules, the Listing Manual of SGX-ST and the Company's Constitution 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

The Group's 2H 2021 and FY 2021 results are in line with the commentary of the Company's positive profit alert announcement dated 18 February 2022.

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 general mandate from shareholders 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

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

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.

BY ORDER OF THE BOARD
CENTURION CORPORATION LIMITED
Kong Chee Min
Chief Executive Officer
24 February 2022

As at the date of this announcement, the Board comprises Mr. Loh Kim Kang David, Mr. Wong Kok Hoe and Mr. Teo Peng Kwang as executive directors; Mr. Han Seng Juan as non-executive director; 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.