

SENTORIA GROUP BERHAD (“SENTORIA” OR “THE COMPANY”)

JOINT VENTURE AGREEMENT BETWEEN SENTORIA, SENTORIA HARTA SDN. BHD. AND SENTORIA THEMEPARKS AND RESORTS SDN. BHD.

1.0 INTRODUCTION

The Board of Directors of Sentoria is pleased to announce that Sentoria, has on 15 August 2012, entered into a Joint Venture (“JV”) Agreement with its wholly-owned subsidiaries namely Sentoria Harta Sdn. Bhd. (Company No. 599658-M) (“SHSB”) and Sentoria Themeparks And Resorts Sdn. Bhd. (Company No. 747796-W) (“STRSB”) for the purpose of jointly undertaking the development of all the pieces of land held under the title numbers H.S (M) 1625 PT No. 3212 to H.S (M) 1637 PT No. 3224, H.S (M) 1638 PT 3234 to H.S (M) 1646 PT 3242, Mukim Ulu Lepar, Daerah Kuantan, Negeri Pahang measuring approximately 110 acres in total area (“the Land”) into hotel and resorts accommodation known as “Global Heritage South” (“the Project”).

2.0 INFORMATION ON THE JOINT VENTURE

2.1 Information on Sentoria

Sentoria is a public limited company incorporated in Malaysia under the Companies Act, 1965 on 2nd June 1998 with its registered address at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. The issued and paid-up share capital of Sentoria is RM80,000,000-00 comprising 400,000,000 ordinary shares of RM0-20 each.

The principal activity of Sentoria is that of investment holdings. Sentoria (referred to as “the Landowner”) is the registered proprietor of the Land.

2.2 Information on SHSB

SHSB is a private limited company incorporated in Malaysia under the Companies Act, 1965 on 23rd November 2002 with its registered address at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. The issued and paid-up share capital of SHSB is RM1,000,000-00 comprising 1,000,000 ordinary shares of RM1-00 each.

The principal activity of SHSB is in property development. SHSB (referred to as “the Developer”) will jointly develop the Land with STRSB.

2.3 Information on STRSB

STRSB is a private limited company incorporated in Malaysia under the Companies Act, 1965 on 19th September 2006 with its registered address at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. The issued and paid-up share capital of STRSB is RM6,900,000-00 comprising 6,900,000 ordinary shares of RM1-00 each.

The principal activity of STRSB is in the operation of hotel resorts and water theme park. STRSB (referred to as “the Operator”), being the owner and operator of hotel resorts and water theme park, will jointly develop the Land with SHSB.

2.4 Information on the Land

The Land, measuring approximately 110 acres, is freehold land and is currently free from all encumbrances. It is located within Bukit Gambang Resort City (“BGRC”), Gambang, Negeri Pahang Darul Makmur. The Land is located approximately 35km away from Kuantan city centre and 218km from Kuala Lumpur, Wilayah Persekutuan.

2.5 Proposed Joint Development of the Land (“the Proposed JV”)

Based on preliminary plans, the proposed joint development shall comprise the building of a combination of two (2) and three (3)-storey resort villas surrounded by natural green secondary jungle and complemented by the development of a clubhouse and boutique hotel within Global Heritage South.

SHSB will submit the proposed joint development plan to the relevant authorities for approval in several phases. The proposed joint development is expected to generate a gross development value of more than RM300 million and its first phase is expected to commence work in the third quarter of year 2012. The entire land is expected to be developed over a span of three (3) years.

3.0 **SALIENT TERMS OF THE JOINT VENTURE AGREEMENT**

The salient terms of the Agreement include, amongst others, the following :-

3.1 Basis Of Consideration

(a) Landowner’s Entitlement

Upon completion of the Project or each phase of the Project, the Landowner shall be entitled to 12.5% of the total development units excluding the clubhouse. If upon calculation and division of the number of building lots resulted in a fraction of a subdivided lot, the Developer shall grant the said lot to the Landowner as the Landowner’s entitlement, ie the units affected.

(b) Developer’s Entitlement

In consideration of the payment of the Developer’s portion of the entire Project development costs, the Developer shall upon the completion of the Project or each phase of the Project be entitled to 80% of the total development units of the entire Project (excluding the Clubhouse and the units affected if there is any fraction arising due to such apportionment to the Landowner).

(c) Operator’s Entitlement

In consideration of the payment of the Operator’s portion of the entire project development costs, the Operator shall upon the completion of the Project be entitled to 7.5% of the total development units of the entire Project together with a Clubhouse (which shall exclude the units affected if there is any fraction arising due to such apportionment to the Landowner).

4.0 **EXPECTED COMPLETION**

The Proposed JV is expected to be completed over a span of three (3) years from the Commencement Date for each phase of the Project.

5.0 SOURCE OF FUNDING

Sentoria intends to fund the Proposed JV through internally generated funds and/or bank borrowings which will be decided at a later stage depending on the cost of funding and cash requirements of its business operations.

6.0 LIABILITIES TO BE ASSUMED

There are no liabilities, including contingent liabilities and guarantees, to be assumed by Sentoria arising from the Proposed JV.

7.0 UNDERTAKINGS OF THE DEVELOPER AND THE OPERATOR

The Developer and the Operator shall use its best endeavors to comply with all the statutory orders, regulations, requirements and codes of practices of Appropriate Authority affecting the Project and/or the Land.

During the period of construction of the Project, the Developer and Operator shall diligently proceed with and complete the buildings on or before the completion date.

After the practical completion of the Project, the Developer and Operator shall undertake to procure the Certificate of Completion and Compliance to the Landowner and the Operator.

The Developer and the Operator shall be responsible for all operational expenses and supply of materials and its own labor cost, contributions to the Employees Provident Fund and all other costs incidental to the completion of the buildings.

8.0 RATIONALE AND PROSPECT FOR THE JOINT VENTURE

The Proposed JV is part of the Group's strategy to develop resort villas to prospective buyers who opt to acquire properties in resort based-environment either for investment or occupation purpose. The Proposed JV ties in with the Group's plan to BGRC as one of the largest destination resorts in Malaysia offering the most complete range of family-oriented leisure attraction and variety of on-site accommodations catering to guests of various demographics.

The development of Global Heritage South resort villas, would offer buyers the opportunity to own a reasonably priced product for high-end resort-style living. The Group would also benefit by way of favorable entry point in terms of financial requirement, while in-house construction capability will result in better quality control that will enhance the marketability of the Project.

Upon completion of the Project, BGRC will achieve a significant milestone by having multiple attractions such as Bukit Gambang Water Park and Bukit Gambang Safari Park complemented by adequate hotel and resort for accommodation and for Meetings, Incentives, Conventions and Exhibition ("MICE") activities.

9.0 FINANCIAL EFFECTS OF THE JOINT VENTURE

9.1 Share capital and substantial shareholders' shareholdings

The Proposed JV is not expected to have any effect on the share capital of Sentoria for the current financial year ending 30 September 2012 and the substantial shareholders' shareholdings of the Company as it does not involve any issuance of new ordinary shares by the Company.

9.2 Earnings per share

The Proposed JV is not expected to have any material effect on the earnings of Sentoria for the current financial year ending 30 September 2012. However, it is expected to contribute positively to the future earnings of Sentoria.

9.3 Net assets per share

The Proposed JV is not expected to have material effect on the net assets per share of Sentoria for the current financial year ending 30 September 2012. However, it is expected to contribute positively towards the future net assets per share of the Group.

9.4 Gearing

The Proposed JV is not expected to have any material effect on the gearing of Sentoria for the current financial year ending 30 September 2012. The financial effect on the future gearing of the Group will depend on the level of borrowings required to be secured to fund the Project.

10.0 **RISK FACTORS**

The Board of Directors is not aware of any major risk factors arising from the Proposed JV other than the normal market and global economic risks.

11.0 **APPROVALS REQUIRED**

The Proposed JV is not subject to the approvals of any authorities and/or the shareholders of Sentoria.

12.0 **DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors and/or major shareholders and/or persons connected with a Director or major shareholders of the Company has any interest, direct or indirect in the Proposed JV.

13.0 **DIRECTORS' STATEMENT**

Having considered all aspects of the Proposed JV, the Board of Directors of Sentoria is of the opinion that the Proposed JV is in the best interests of Sentoria.

14.0 **DOCUMENTS AVAILABLE FOR INSPECTION**

The JV Agreement is available for inspection at the registered office of Sentoria at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan during the normal office hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 15 August 2012.