

**SENTORIA GROUP BERHAD (“SENTORIA” OR “THE COMPANY”)
JOINT DEVELOPMENT AGREEMENT BETWEEN SENTORIA ALAM SDN. BHD. AND
FAJAR PERTIWI SDN. BHD.**

1.0 INTRODUCTION

The Board of Directors of Sentoria (“Board”) is pleased to announce that its wholly owned subsidiary, Sentoria Alam Sdn. Bhd. (Company No. 625769-P) (“SASB”) has on 6 December 2012 entered into a Joint Development Agreement (“JDA”) with Fajar Pertiwi Sdn. Bhd. (Company No. 492998-T) (“FPSB”) to jointly undertake the development of all that parcel of vacant land situated at Bukit Rangan, in the Mukim of Kuala Kuantan, District of Kuantan and State of Pahang measuring approximately 210 acres (“the Land”). The Land is planned to be a mixed residential and commercial development in accordance with the terms and conditions of the JDA (“Proposed Development”).

2.0 INFORMATION ON JDA

2.1 Information on SASB (or “the Developer”)

SASB is a private limited liability company incorporated under the Companies Act, 1965 on 22 August 2003 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 authorized share capital of SASB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM250,000.00 comprising 250,000 ordinary shares of RM1.00 each.

The principal objects of SASB is property development and construction.

2.2 Information on FPSB (or “the Landowner”)

FPSB is a private limited liability company incorporated under the Companies Act, 1965 on 2 September 1999 with its registered address at B-2, Jalan IM3/10, BIM Point, Bandar Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.

The authorized share capital of FPSB is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM750,000.00 comprising 750,000 ordinary shares of RM1.00 each.

The principal objects of FPSB is general merchant, property developer and investment.

3.0 SOURCE OF FUNDING

Sentoria intends to fund the Proposed Development through internally generated funds as well as bank borrowings. Details of the funding structure can only be determined when the detail plans of the Proposed Development are finalised.

The Board will use its best endeavours to optimise the funding mix for the Proposed Development to minimise cost.

4.0 LIABILITIES TO BE ASSUMED

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

5.0 SALIENT TERMS OF THE JDA

SASB and FPSB (hereinafter collectively referred to as “the Parties”) have agreed to carry out the Proposed Development on the basis that SASB shall be entitled to 91.5% of the total sales proceeds, which is estimated to be RM315.0 million, whilst FPSB shall be entitled 8.5% of the total sales proceeds. The Proposed Development shall consist of development of residential and commercial properties.

The Parties hereby agree that SASB shall advance Ringgit Malaysia Ten Million (RM10,000,000.00) only (hereinafter referred to as “Advances”) to the Landowner in the following manner:-

- i. Ringgit Malaysia Two Million (RM2,000,000.00) only shall be payable upon execution of the agreement;
- ii. Ringgit Malaysia Two Million (RM2,000,000.00) only shall be payable upon submission of layout plan, conversion and sub-division plan and building plan to the relevant authority(ies);
- iii. Ringgit Malaysia Two Million (RM2,000,000.00) only shall be payable upon approval of layout plan, conversion and sub-division plan and building plan to the relevant authority(ies);
- iv. Ringgit Malaysia Two Million (RM2,000,000.00) only shall be payable upon application and approval of advertising permit and developer’s license; and
- v. Ringgit Malaysia Two Million (RM2,000,000.00) only shall be payable upon approval of all requisite consents, orders, approvals for commencement of works at site.

The Parties hereby further agree that the repayment of the aforementioned Advances by the Landowner to the Developer shall be by way of deduction from the Landowner’s share of 8.5% of the total sales proceeds.

6.0 RATIONAL AND PROSPECT FOR THE JOINT VENTURE

The Board is of the view that the Proposed Development will contribute positively towards the Sentoria Group’s future earnings. This is premised on that the economic development in the area will generate adequate anticipated demand for residential and commercial properties from the Proposed Development.

The Proposed Development is expected to generate total sales proceeds of approximately RM315.0 million in the next eight (8) years.

7.0 FINANCIAL EFFECTS OF THE PROPOSED DEVELOPMENT

7.1 Share capital and substantial shareholders’ shareholdings

The Proposed Development is not expected to have any effect on the issued and paid-up share capital and the substantial shareholders’ shareholdings of the Company.

7.2 Earnings

The Proposed Development is not expected to have any material effect on the earnings of the Sentoria Group for the financial year ending 30 September 2013. However, it is expected to contribute positively to the future earnings of the Sentoria Group.

7.3 Effect on Net Assets

The Proposed Development is not expected to have any material effect on the net assets of the Sentoria Group for the financial year ending 30 September 2013.

7.4 Gearing

The Proposed Development is not expected to have any material effect on the gearing of the Sentoria Group for the financial year ending 30 September 2013. The financial effect on the future gearing of the Group will depend on the level of borrowings required.

8.0 **RISK FACTORS**

The Board is not aware of any major risk factors arising from the JDA other than the normal market risks.

9.0 **APPROVALS REQUIRED**

The Proposed Development is subject to the approval of the relevant authorities for the development.

10.0 **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 Development.

11.0 **DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Development, is of the opinion that the Proposed Development is in the best interest of Sentoria.

12.0 **DOCUMENTS AVAILABLE FOR INSPECTION**

The JDA 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 6 December 2012.