

AFFIN HOLDINGS BERHAD ("AFFIN" or the "Company")

MEMORANDUM OF UNDERSTANDING BETWEEN AFFIN AND THE BANK OF EAST ASIA, LIMITED

1. INTRODUCTION

The Board of Directors of AFFIN wishes to announce that AFFIN had on 26 August 2010 entered into a Memorandum of Understanding ("**MOU**") with The Bank of East Asia, Limited ("**BEA**") to jointly explore the opportunities of establishing and developing potential business relationships in Malaysia, Hong Kong, China and all other countries with the view of enhancing and strengthening the business cooperation in connection with the provision of banking services, financing and in other areas of business which are of mutual interest and benefit to each other ("**Proposed Cooperation**"). With the signing of the MOU, there will be a mutually beneficial and long-term business relationship for AFFIN and BEA to explore the possibilities of further cooperation and participation in other areas of business such as treasury, Islamic banking, investment banking, asset management, transactional banking, corporate and investor advisory service, factoring, trade risk participation and staff training.

2. RATIONALE

The MOU is intended to reflect the spirit of good faith and mutual understanding between AFFIN and BEA and to outline the scope of the proposed cooperation between the two parties. The Proposed Cooperation represents a collaboration between AFFIN Banking Group and BEA to explore opportunities to establish and develop potential business relationships in the countries where the other party has a presence and provides its respective customers with a reach into those countries.

3. SCOPE OF MOU

Both parties agreed that the MOU is only a memorandum of understanding and does not have any legal binding effect and is not intended to create legally binding obligations between the parties in respect of the Proposed Cooperation.

4. FINANCIAL EFFECTS

As the MOU is a conceptual understanding, the MOU will not have any material impact on the share capital, net assets, gearing, substantial shareholders' shareholdings and earnings for the current financial year ending 31 December 2010.

5. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

BEA is a major shareholder of AFFIN and since it is a party to the MOU, BEA is deemed interested in the MOU.

Dr. The Hon. Sir David Li Kwok Po and Professor Arthur Li Kwok Cheung are directors of AFFIN and BEA and accordingly, are deemed interested in the MOU.

Apart from the above, none of the other directors and major shareholders of AFFIN and persons connected to them have any interest, direct or indirect, in the MOU.

6. APPROVALS REQUIRED

The MOU is not subject to the approvals of the shareholders of AFFIN and any relevant authorities.

7. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of AFFIN is of the opinion that the MOU is in the best interest of the Company.

8. DOCUMENT FOR INSPECTION

The MOU is available for inspection at the registered office of AFFIN during normal office hours from Mondays to Fridays (except for public holidays) at 7th Floor, Chulan Tower, 3 Jalan Conlay, 50450 Kuala Lumpur for a period of three (3) months from the date of this announcement.

This announcement is dated 27 August 2010.