

Response to questions from the Minority Shareholders Watchdog Group:

Question 1: Minority Interests

- (a) How do the Company, Board and/or Independent Directors ensure that the interests of the minority shareholders are always protected?
- (b) How do the Company, Board and/or Independent Directors deal with cases where there are apparent or perceived conflict of interest between the interest of minority shareholders and that of the majority shareholders?

Response:

- (a) In protecting the interests of minority shareholders, the Company, Board and/or Independent Directors are committed to strict compliance with the relevant UK and Malaysian regulatory framework, primarily the Companies Acts of Malaysia and the United Kingdom, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), as well as the United Kingdom Combined Code on Corporate Governance and the Malaysian Code on Corporate Governance, where applicable.

The Corporate Governance Statement, Audit Committee Report and Statement on Internal Control, as provided on pages 40 to 49 of the Annual Report 2009 respectively set out details of the various processes currently adopted to ensure that the interests of all shareholders, including the minority shareholders are protected.

- (b) The Company has in place adequate internal controls, which include the Company’s internal audit processes, the Audit Committee’s review and if necessary, appointment of independent advisers, to ensure that conflicting interests and views are resolved amicably. In addition, interested directors are required to abstain from deliberating and voting to eliminate any conflicts. The processes described in this letter serve to illustrate the internal controls practised by the Company. To-date, the Company has not encountered a situation where there is apparent or perceived conflict of interest between the interests of minority shareholders and that of the majority shareholders. However, with the above controls in place, the Company and the Board are confident that such conflicts, if any, will be resolved in a manner that is both transparent and in keeping with best practices.

Question 2: Related Party Transactions (RPT)

- (a) What are the specific measures or mechanisms applied by the Company, Board and/or Independent Directors when confronted with RPT so as to ensure the overarching interest of the Company is protected?
- (b) How do the Company and/or the Board deal with dissenting views expressed by members of the Board in applicable RPT?

Response:

- (a) Khazanah Nasional Berhad and the Usaha Tegas Group (both of which are major shareholders of the Company) have significant investments in a number of entities which are licensed to undertake business activities that are necessary to the Group’s operations including, but not limited to, the provision of (i) telecommunications and its ancillary services; and (ii) satellite uplink and its related services. It is therefore inevitable that the

Group enters into transactions with such related parties and our Company's RPT processes are well-honed internally as well as towards such related parties. In addition, many of these companies which transact with the Group are listed companies on the Main Market of Bursa Malaysia Securities Berhad. These companies are bound by the MMLR which require that they have in place internal governance policies to ensure that the transactions concluded are on arm's length basis and on normal commercial terms that are not detrimental to the interests of the minority shareholders. Further, in some cases, for example, Telekom Malaysia Berhad, Measat Satellite Systems Sdn Bhd and Maxis Group are exclusively capable of providing certain services which are necessary for the Group's operations and therefore, it should be noted that "arms-length" is determined by reference to these issues. The Company has established internal controls and checks to ensure that all RPTs are entered into on normal commercial terms negotiated at arm's length and are neither detrimental to the minority shareholders nor on terms more favourable to the related parties than those generally available to the public.

Our RPT review process and procedures focus on 3 key aspects, namely:

(i) Creating RPT Awareness

We have implemented an internal process to promote increased awareness on the importance of identifying RPTs at the earliest opportunity. This is done through awareness roadshows and email reminders. Relevant stakeholders such as the Legal Department, Procurement Department, Finance Department and Corporate Secretarial Department are tasked with monitoring transactions proposed to be entered into with related parties. RPT procedures and the related parties list are accessible by all employees within the Group on the intranet and are updated from time to time.

(ii) RPT Approval Process

Each RPT will first be reviewed by the Company's internal audit division ("Corporate Assurance Division" or "CAD") to ensure that the transaction is:

- based on ordinary commercial terms consistent with the Group's business practices and policies;
- not more favourable to the related party than is generally available to the public;
- at arm's length; and
- not to the detriment of the minority shareholders.

If the above elements are met, the CAD will make a recommendation to the Audit Committee ("AC"). Based on the AC's further review and recommendation, the non-interested directors of the Board will consider and if thought fit, approve the RPT.

The fact that the AC comprises wholly of independent directors is additional protection for minority shareholders. In the event that a member of the AC or Board has an interest and/or deemed interest in any particular RPT, he must declare his interest and abstain from any deliberation or voting on the matter at AC or Board meetings in respect of the RPT.

A list is maintained to record the RPTs which are entered into.

For recurrent related party transactions (“RRPTs”), the following additional review and approval procedures are applicable:

- Individual RRPTs that fall below RM50 million each in value will be reviewed and approved in accordance with the Company’s limits of authority;
- Individual RRPTs exceeding RM50 million each in value will be reviewed and considered by the AC who will, if it deems fit, recommend the RRPT to the Board for approval;
- A quarterly report on all RRPTs transacted in each quarter will be produced to the AC for its reference.

All RRPTs entered into pursuant to the mandate are reviewed under an annual internal audit plan to ensure that all requisite prior approvals have been obtained and that the review procedures in respect of such RRPTs have been complied with.

In addition, the AC also reviews the internal audit reports on the quarterly review of RRPTs in order to ascertain that the policies and procedures established to monitor RRPTs have been complied with and the transactions amount have complied with the approved mandate.

If the AC is of the opinion that RPTs or RRPTs are not in compliance with the Company’s disclosure guidelines, the AC has the discretion to request for additional procedures to be imposed on all RPTs and RRPTs or, in the discharge of its duties and as necessary, appoint an independent adviser/expert.

(iii) Monitoring Compliance and Reporting

Bi-monthly reports are prepared on proposed contracts to be entered by the Company for the tracking of any potential RPTs. In addition, the Company has implemented a system for monthly reporting on the status of mandated RRPTs. Updates are prepared for the AC on a quarterly basis.

If the utilisation amount exceeds 8% of the mandated amount or RM500,000 (whichever is higher), the relevant justification on the excess must be provided to the AC and the Board of Directors. The Company practices a lower threshold than those set by the MMLR to ensure strict adherence.

- (b) Any dissenting view by a member of the Board will be discussed by all the members and the grounds for dissent fully deliberated. If no consensus is reached, the RPT will be referred back to the AC for further review.

Question 3: Communication with Shareholders

Describe the current process employed by the Company and/or Board to communicate with shareholders; particularly the minority shareholders. What are the strengths and weaknesses of the said current process?

Response:

The details of the Company's existing communication processes with our shareholders and investors relations are covered on pages 44 to 45 of our Annual Report 2009.

The Board has identified Dato' Mohamed Khadar as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed directly. The Company also has a dedicated investor relations department ("IRD"). Contact details for Dato' Mohamad Khadar and the Company's IRD are set out in the annual reports as well as on the Company's corporate website.

The Board also views the annual general meeting of the Company as the primary forum for communication with shareholders. The Board has consistently endeavoured at every general meeting to provide comprehensive but succinct information to all shareholders and to answer shareholders' questions and address their concerns. Such information is also subsequently posted on the Company's corporate website at www.astroplc.com for the benefit of shareholders who are unable to attend in person.

The Company believes that the current processes for promoting communication with shareholders are comprehensive and effective. The Company will continue to monitor effectiveness of all channels of communication to ensure an equal dissemination of information to all shareholders.

Question 4: Appointment of Independent Director

- (a) To what extent the CEO and/or the controlling or the substantial shareholders are involved in the process of identifying and nominating an individual as a potential independent director?
- (b) Describe the current process employed by the Company and/or the Board to identify and nominate an independent director. What do you think are the pros and cons of the said current process?

Response:

- (a) We are of the view that the members of the Board, including the CEO, are in the best position to identify candidate(s) with the right skill sets and experience that would be beneficial to the Board and to the Company. Nevertheless, the selection process is strictly the responsibility of the Company's Board's Nomination and Corporate Governance Committee ("NCGC") which comprises of three independent directors, including its Chairman who is also an independent non-executive director.
- (b) The Charter of the NCGC sets out a transparent procedure for the proposal of new nominees to the Board. The NCGC will consider and make recommendations to the Board on the suitability of the candidates based on whether those candidates have the necessary skills, knowledge, expertise, experience, professionalism and integrity required and whether they are able to discharge their responsibilities and functions as expected of independent non-executive directors. The NCGC may retain search firms to assist in searches for persons to be recommended to the Board. The final decision is, however, the responsibility of the Board

after considering the recommendations of the NCGC. The current process adopted by the Company promotes an unbiased and transparent selection process which has successfully ensured that the independent directors of the Company meet with the required criteria.

Question 5: Non-compliance/ethical issues and employee participation in whistleblowing

How would the Company and/or Board convince employees of all levels that their interest and well-being are protected if they were considering reporting the discovered irregularities to their superiors?

Response:

The Company is in the process of augmenting its existing codes of business ethics (“COBE”) policy for its employees. The revised version of the COBE policy will be extended to take into account procedures for disclosures made by whistleblowers. Upon implementation of the COBE policy, the Company will have in place a set of procedures that will facilitate and protect the anonymity of whistleblowers and established effective whistleblowing procedures.

Question 6: Ownership of non-statutory disclosures in annual report

What have the Company and/or the Board done to ensure that the disclosures in the annual report, other than the statutory reports, are accurate and credible?

Response:

Each year, the Company’s IRD will compile information from various business sections for the preparation of the annual report. The respective heads of departments are required to verify every piece of information and seek approval and sign-off from senior management for accuracy, completeness and timeliness. Where necessary, the Company also seeks the assistance of external advisers on the disclosures to be made in the annual report. The draft annual report will then be submitted to the Board for final approval.