

CORPORATE GOVERNANCE OVERVIEW

Our Board is pleased to present an overview of the CG framework and practices within our Group in FY19. This statement is to be read in conjunction with the CG Report which can be downloaded from our corporate website. The CG Report provides detailed explanations of how our Group has applied the recommended principles and practices under the MCCG taking into consideration the specific circumstances affecting our Group, including any alternative measures in place to achieve the intended outcomes, where applicable.

Our Board is pleased to provide an update on the material developments to our CG practices in FY19 as our Group recasts itself as a leading content and consumer company.

Our Governance Framework

CG remains as one of our key pillars amid the constant changes in our operating environment. As our businesses continue to undergo transformation, a strong CG culture provides assurance to our stakeholders that ethical principles are not forsaken in the pursuit of our corporate goals. In addition to ensuring minimum compliance with the legal and regulatory framework that are applicable to our Group such as the Act and MMLR, our CG framework supports our Group's role as a responsible corporate citizen. Our key CG achievement last year was the recognition at the 2nd ASEAN CG Awards, where we were placed among the top 20 companies in the Top 50 ASEAN PLCs award category. The ASEAN CG Awards recognises outstanding PLCs from each participating country in terms of CG practices based on the ASEAN CG Scorecard.

Our Group aspires to improve the way we conduct business, not only in better serving our customers' media, entertainment and lifestyle needs, but also through enhancements to our CG practices. As such, we regularly review and benchmark our governance structures and processes, to ensure that they are applied in the best interests of our Group.

Promoting Sustainability

Astro was introduced to Malaysians in 1996. As we celebrate our 23rd anniversary this year, sustainability is a key business priority to manage our EES impact, allowing us to address the long-term interest of our stakeholders.

Arising from continuous engagements with key internal and external stakeholders and through a prioritisation process, our Group has reaffirmed nine material matters covering content; customer reach & experience; digitalisation & innovation; diversification of revenues; financial performance; talent acquisition, development &

engagement; community development; environmental stewardship; and risk management. These material matters have been mapped into our Group Key Risk Profile and embedded within our Strategic Pillars. The Sustainability section presented on pages 23 to 37 details our Group's strategy and performance in respect of each Strategic Pillar.

Our Board's Responsibilities

Our Board has adopted six principal responsibilities as set out in the Board Charter. Setting the overall strategic direction of the business is our Board's key principal responsibility and their involvement begins early in the strategy development phase. This places our Board in a better position to refine and if necessary, pivot our strategies and provide swift responses to changes in our operating environment. Our Board is involved in all strategic aspects from strategy formulation, strategic framework, to critically analysing and assessing strategic options, and finalising our Group strategy. In FY19, the entire process kickstarted with an offsite two-day planning session to reassess our Group's overall strategic priorities and business plans over the next three years from FY20 to FY22.

Agility is a crucial determinant in a rapidly changing business environment. Recognising this, our Board and Senior Leadership embarked on a shorter three-year planning cycle embedded with more frequent progress reviews, versus a five-year planning cycle previously, thus facilitating a more focused and iterative response to dynamic external forces.

Our Group's three-year strategic plan for FY20 to FY22 ("Strategic Plan") was approved in principle by our Board prior to the commencement of the new financial year. In tandem with the strategic planning and budgeting cycle, the annual operating budget for FY20 ("Budget") was tabled and adopted.

CORPORATE GOVERNANCE OVERVIEW

The material developments during FY19 and our Group's key focus and strategies over the next three years are summarised as follows:

1 Strategic planning

Our key strategies for the next three years are focused on redefining and strengthening our core TV business, through Pay-TV and NJOI, by evolving our products and services to meet the needs of diverse customer segments in Malaysia. Our content strategy continues to be driven by our customers' strong demand for local vernacular IPs, digital content and sports, among others. We have adopted a differentiated content strategy to satisfy the needs of our diverse market, providing customers with better optionality and choice. Astro is committed to rejuvenating the local film industry, having produced seven of Malaysia's top 10 highest grossing local movies to date, with rights successfully sold to regional and international territories. We are evolving our technology roadmap and look forward to introducing Malaysians to a brand new and superior viewing experience through the launch of 4K-UHD broadcast in the coming months.

We will continue to accelerate commerce growth via our Go Shop home shopping platform, thus providing a rich ecosystem for Astro customers to fulfil all their entertainment, knowledge and lifestyle needs. Leveraging the reach and scale of our Pay-TV, NJOI, Go Shop and radio businesses, Astro will focus on driving advertising revenue by championing the development of a data-driven marketing network to optimise integrated advertising solutions to advertisers as a key initiative over the next three years.

In January 2019, Astro collaborated with a subsidiary of TNB on a pilot project in Jasin to offer broadband bundled with Astro content in support of the government's NFCP. Our Group is further exploring opportunities to grow and expand our business in tandem with the implementation of NFCP by 2023.

Our Board and Management view piracy overall as a serious challenge and we will continue to combat piracy through technological enhancements on our STBs, as well as collaborating with regulatory authorities to block pirated sites and applications. We are supportive of our Minister and MCMC's plans to curb digital content piracy in Malaysia and together with other Malaysian media organisations, Astro participated in the Kuala Lumpur Digital Content Anti-Piracy Summit on 14 February 2019. Regulators, law enforcement agencies and industry players converged to discuss efforts to safeguard Malaysia's creative content industry against digital piracy.

As previously reported, our Group has and will continue to monitor and rationalise our operating costs through various initiatives including hedging forex exposures, renegotiating content costs and content mix, reducing customer acquisition costs and business process re-engineering. In addition to these measures, our Board implemented an ESS towards the end of FY19 to resize our workforce with the objectives of simplifying our organisation, streamlining costs and ensuring that our organisation is fit-for-purpose to meet the challenges of the new digital economy. The ESS led to a reduction in headcount of around 10%.

2 Business and financial performance oversight

Our Board is responsible for the monitoring of performance to ensure our Group's strategic objectives are achieved. Monthly operating and financial reports are furnished to our Directors, keeping them abreast of our Group's business performance. On a quarterly basis and if required more regularly, Board meetings are held to review strategic, operational and financial performance against the approved Strategic Plan and Budget.

Senior Leadership's performance is evaluated at the end of each financial year based on the KPIs set out in the company scorecard that is approved by our Board based on the recommendation of our Remuneration Committee ("RC") ("Company Scorecard"). The FY19 Company Scorecard contained KPIs in respect of financial performance, growth and sustainability as well as talent, all of which are necessary for the achievement of our short-term objectives and are the building blocks for long-term value creation.

3 Risk management

Our Board is responsible and accountable for the adequacy and effectiveness of our Group's risk management and internal control system through continuous identification of key business risks and management of emerging risk impacting our Group. Our Board, with the assistance of our Audit and Risk Committee ("ARC"), adopted our Group risk appetite and risk tolerance thresholds for more effective decision-making. Our ARC also reviewed, on a quarterly basis, our Group Key Risk Profile and mitigation strategies for each key business area. Please refer to pages 95 to 99 for more details on our Group's risk management activities.

4 Succession planning and remuneration framework

Our Board announced in June 2018 that DRR, our then GCEO had given her notice of resignation effective 31 January 2019 and in line with our succession plans, appointed HT as the successor. Under the leadership of our new CEO, we are realigning our organisation with our ambition and strategies, ensuring a right fit for jobs, and also that roles, responsibilities and accountabilities are clearly understood and embraced by Team Astro. Our Board reviewed the new organisational structure, to ensure it will propel the execution of our Group's strategies and delivery of our corporate goals.

An emergency cover plan for critical leadership roles is in place at all times, as well as an adequate talent pipeline for succession.

5 Stakeholders' communication

Our Board is committed to ensuring that our shareholders and other stakeholders such as regulators and employees are kept informed of material updates and progress relating to our Group. The Investor Relations, Communications and Regulatory teams are responsible for engaging our investors and stakeholders on an ongoing basis throughout the year.

6 Internal control and compliance

Our Board is assisted by our ARC in matters relating to internal controls and risk management. Our ARC Chairman tables a quarterly summary and key highlights relating to financials and audit, internal controls and risk management matters to our Board. Our ARC's detailed report is on pages 87 to 94.

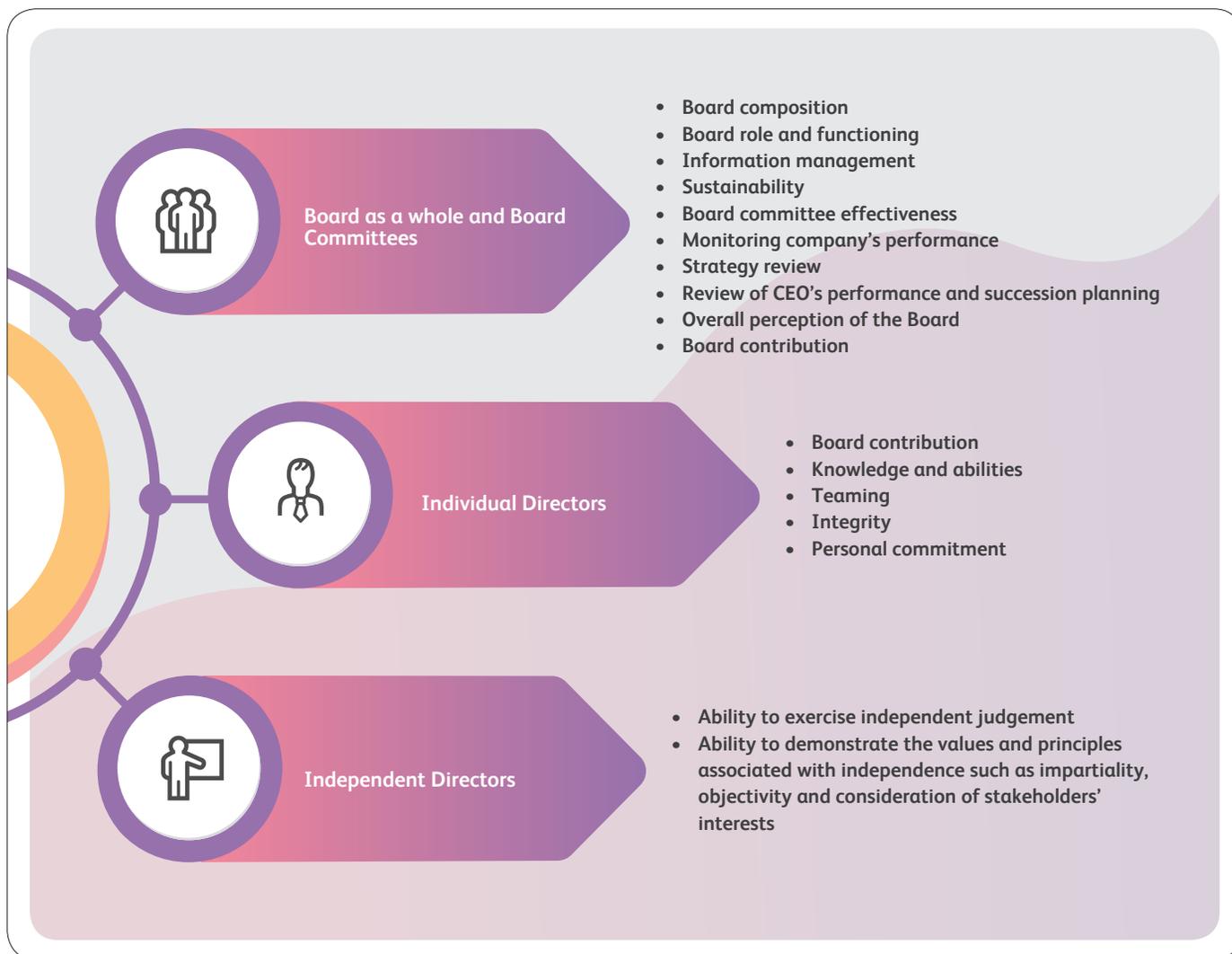
CORPORATE GOVERNANCE OVERVIEW

Annual Board Effectiveness Evaluation (“BEE”) for FY19

Our Board undergoes an annual assessment to review its performance. Apart from being an assessment of past performance, the BEE is used as a tool to identify the strengths and weaknesses of our Board, Board Committees and individual Directors to enable them to raise the bar on Board performance, which is a key trait of a progressive Board.

Similar to the previous year, the BEE for FY19 was conducted by our Nomination and Corporate Governance Committee (“NCGC”) and supported by our Company Secretary. The last evaluation that was carried out by an independent consultant was in respect of FY17. BEE FY19 was a 360° evaluation process with feedback from our individual Directors and Senior Leadership. The results did not indicate any significant weaknesses and found that our Board, Board Committees and each individual Director have continued to perform their duties satisfactorily and the level of independence shown by INEDs is high. Based on the findings, our Board has recommended the re-election of several Directors who will be retiring at the forthcoming Seventh AGM in June 2019 and will consider increasing the level of independent representation on our Board to bring it in line with the MCCG’s recommendation. In respect of Board responsibilities, enhancing board oversight over the execution of strategies and transformation plans is a key focus in FY20.

The scope of the BEE for FY19 covered the following areas:



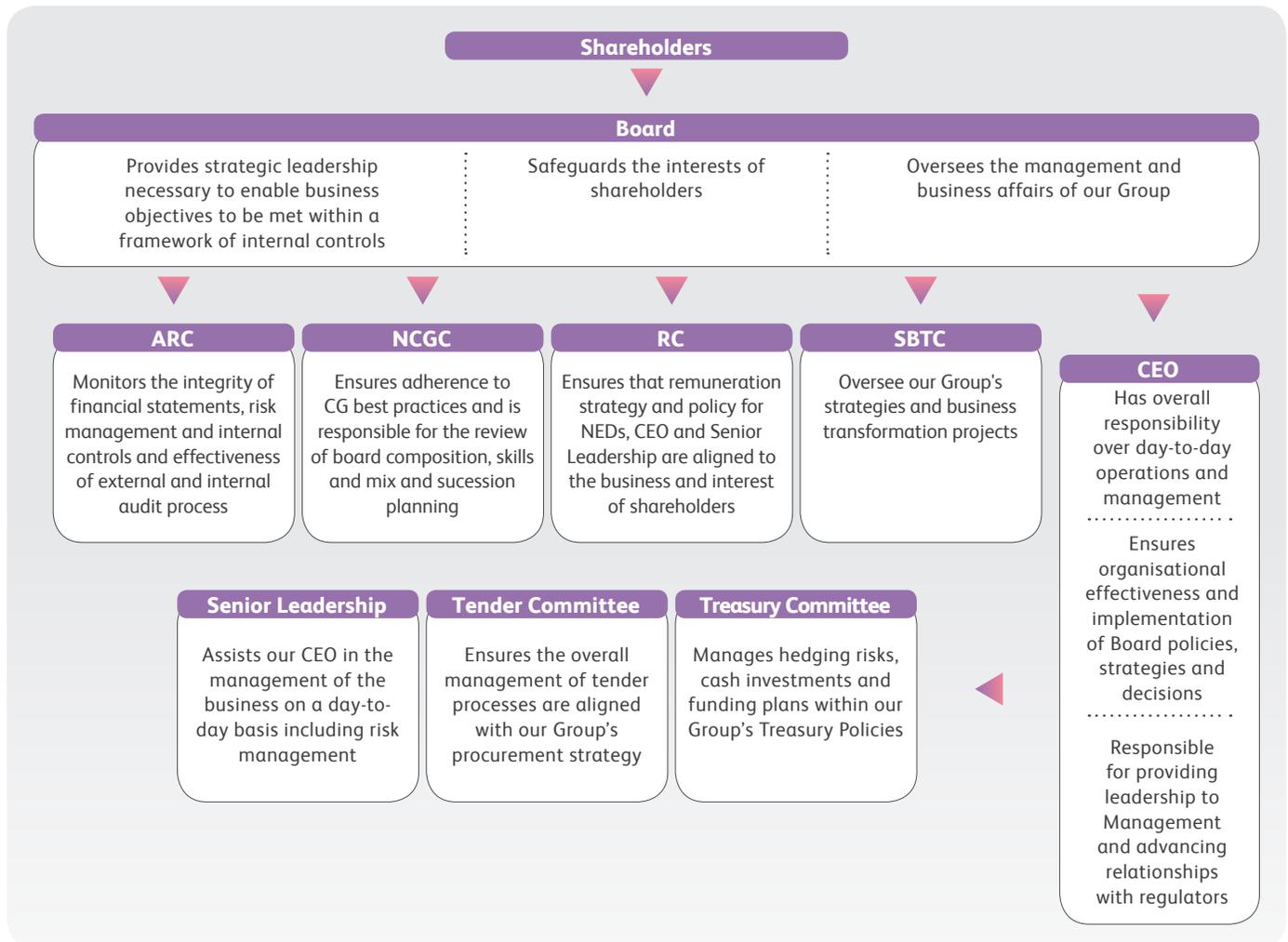
CORPORATE GOVERNANCE OVERVIEW

Application of MCCG

In accordance with Practice Note 9 of the MMLR, a summary of our CG practices during the financial year with reference to the three Principles of the MCCG is laid down below and should be read in conjunction with the CG Report.

Principle A: Board Leadership and Effectiveness

Our Governance Structure



Our Board is responsible for overseeing the management and business affairs of our Group, including making major policy decisions. It is supported by four Board Committees, namely the ARC, NCGC, RC and SBTC within the scope of responsibilities set out in their respective TORs. Our SBTC was established in March 2019 to assist our Board to oversee our Group's strategies and business transformation projects for profitable growth. Our Board has delegated the day-to-day management of the business to our CEO within the approved LOA, a document outlining the decision-making authority of our CEO and Senior Leadership.

Please refer to our corporate website for the Board Charter and Board Committee TORs, and description of the roles and responsibilities of our Board Chairman, individual Directors and CEO. The division of responsibilities between our Board Chairman and CEO ensures a balance of power and authority that is fundamental to governance. A list of Board reserved matters is also part of the Board Charter which is reviewed periodically by our NCGC and Board.

Board powers are governed by our Company's Constitution which is available on our corporate website. Our Constitution has, among others, laid down the decision-making processes of our Board and rights of our shareholders to attend and vote at general meetings.

It is entrenched in the Board Charter that our Directors shall have access to Senior Leadership and, where necessary and appropriate, to independent advisors for the purposes of obtaining information and advice for them to discharge their responsibilities. Our Directors are insured against any liabilities incurred in the course of discharging their duties within the ambit permitted by the Act and each individual Director makes a contribution to the premium payable in respect of the Directors' and Officers' Liability Insurance taken by our Group.

CORPORATE GOVERNANCE OVERVIEW

Principle A: Board Leadership and Effectiveness

Our Board Composition

As at 31 January 2019, our Board comprised eight directors including our Non-Executive Chairman and our then Executive Director (“ED”)/GCEO.

FY19 was a year of transition, which saw the resignation of DRR as our ED and GCEO on 31 January 2019 after 23 years with Astro. In line with our Group succession plans, our Board announced the appointment of HT as our new CEO to lead our Group effective 1 February 2019.

Apart from the change of CEO, several changes to our Board composition took effect post FY19. Effective 15 February 2019, our Board comprises nine members, of whom four are INEDs including our Non-Executive Chairman and five are NINEDs. Our Company’s Constitution prescribes our Board size to be between three and 15 individual Directors.

TAZ and MM were appointed to our Board as NINEDs pursuant to the recommendation of our NCGC. VD was appointed as Alternate Director to LGK. Their profiles are on pages 60 to 63. Our Board believes that with their experience and capabilities, our new

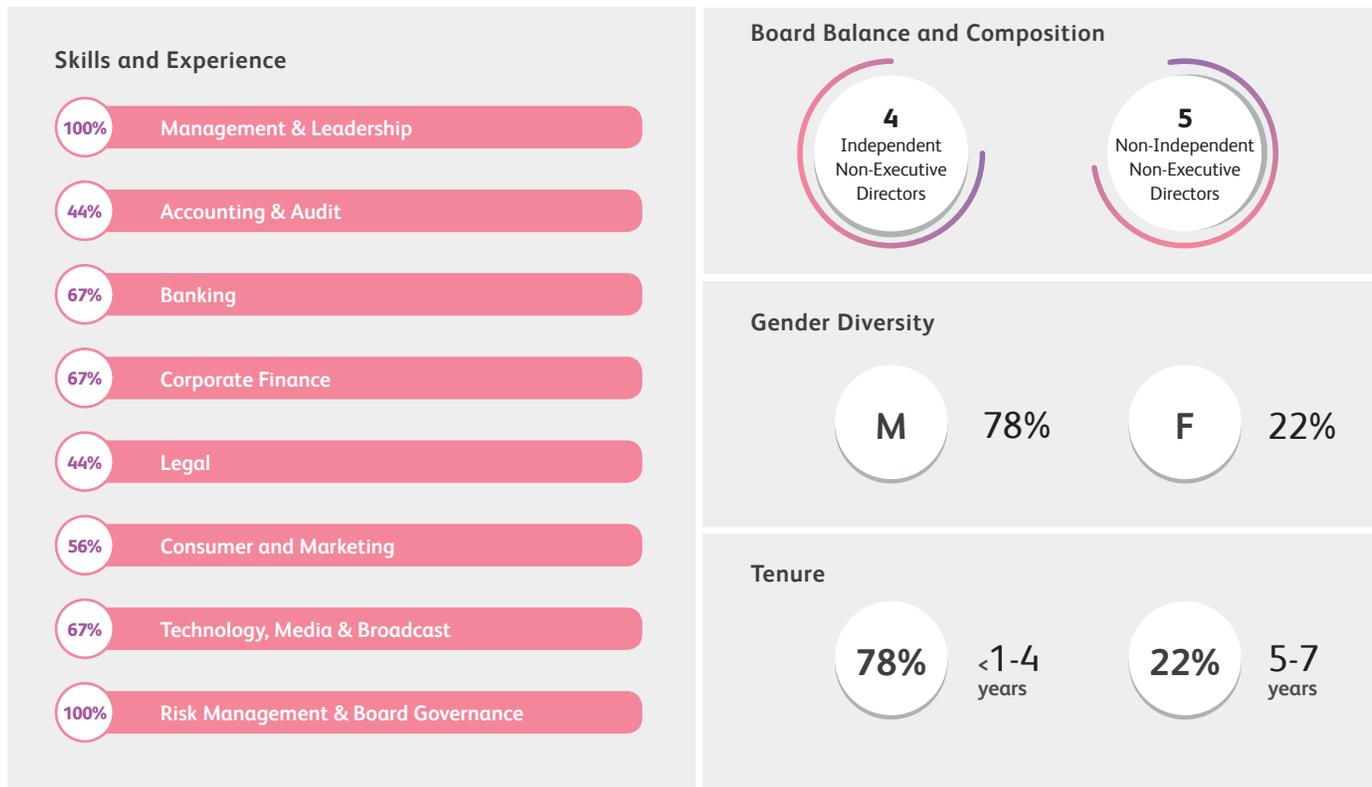
Directors will introduce new dimensions to Board discussions that are beneficial to our business.

Arising from the above changes, 44% of our Board are INEDs in compliance with Paragraph 15.02(1) of the MMLR and 22% are women directors.

Independence and gender diversity

Our Board policy limits the tenure of INEDs to nine years to preserve independence of judgement. The need for independence and diversity is part of our Board selection criteria in assessing the suitability of candidates. However, high emphasis is also placed on merit and ability of the individual Director to contribute positively to the overall strengths of our Board as a whole, taking into consideration our Group’s future strategic direction. Importance is also placed on diversity from the perspective of a broad range of skills and competencies, experience, background and gender to ensure a more balanced and effective decision-making process.

Currently, the tenure of INEDs ranges from more than one to seven years. Other selection criteria are set out in our NCGC Report on pages 85 to 86.



Principle A: Board Leadership and Effectiveness

Fostering Commitment

Our Directors owe fiduciary duties to our Company and its shareholders. To discharge their duties as Directors, they are required to spend sufficient time on our Group's affairs including attending meetings of our Board and Board Committees, and meetings with our CEO and Senior Leadership throughout the year.

The annual Board meetings calendar is planned ahead prior to the commencement of each new financial year and the estimated time commitment is made known to our Directors upon acceptance of appointment. Our Directors are issued a Letter of Appointment that sets out, inter alia, duties and responsibilities, time commitment and entitlements. In addition, our Board policy for the acceptance of external board appointments requires a notification to be given to our Board and where there are potential conflicts of interest, consultation with our Board Chairman. Changes in directorships are tabled at quarterly Board meetings.

None of our Directors are currently serving on the board of more than five public listed companies on Bursa Securities. Our Board is satisfied that the present directorships in external organisations held by our Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities.

A total of 12 days were spent for Board meetings and presentations during FY19. In addition, our Directors participated in an offsite two-day strategic planning session with Senior Leadership as part of the annual planning cycle. However, engagements between our Board and Senior Leadership were not confined to the quarterly Board meetings, with there being regular and direct engagements between individual Directors and Senior Leadership through ad-hoc private sessions, pre-Board and pre-Board Committee meetings.

Attendance

	AGM ^(a)	%	Board ^(b)	%	ARC	%	NCGC	%	RC	%
Tun Dato' Seri Zaki bin Tun Azmi	1/1	100	12/12	100	-	-	4/4	100	-	-
Datuk Yvonne Chia	1/1	100	12/12	100	5/5	100	4/4	100	8/8	100
Renzo Christopher Viegas	1/1	100	12/12	100	5/5	100	-	-	-	-
Richard John Freudenstein	1/1	100	12/12	100	5/5	100	-	-	8/8	100
Dato' Rohana Rozhan	1/1	100	10/12 ^(c)	83	-	-	-	-	-	-
Lim Ghee Keong	1/1	100	11/12	92	-	-	-	-	8/8	100
Simon Cathcart	1/1	100	12/12	100	-	-	-	-	-	-
Shahin Farouque bin Jammal Ahmad	1/1	100	12/12	100	-	-	4/4	100	-	-

^(a) Sixth AGM held on 7 June 2018

^(b) Includes Board Presentations

^(c) Absent from 2 Board Meetings due to the need for abstention from resolutions in which she was interested

CORPORATE GOVERNANCE OVERVIEW

Principle A: Board Leadership and Effectiveness

Induction and Continuing Education Programme

Our Directors regularly attend seminars and briefings to update their knowledge of our industry and business landscape. Briefings were organised as necessary in conjunction with our quarterly Board meetings, and our Directors attended various external training. The Corporate Secretarial team notifies our Directors of available programmes and monitors their training budget. Our Directors also received regular briefings on the market outlook, competitive landscape, consumer demographics as well as trends and technological developments. Several Directors were guest speakers at conferences and provided lectures at institutions of higher learning.

Newly appointed Directors were given an induction, which included management briefings and visits to our broadcast and operation centres to facilitate their understanding of our Group and key business drivers. Presentations covering different areas such as technology, content, customer and operations as well as the competitive and regulatory landscape in which our Group operates were arranged for our new Directors.

All our Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

A list of seminars/trainings which our Directors participated in as at 31 January 2019 is summarised below:

In-house training

Date	Training/Course	Attendance
June 2018	Demystifying Artificial Intelligence and Advanced Applications and Opportunities for the Media Industry	TZA, DYC, RJF, RCV
September 2018	<ul style="list-style-type: none"> – Director's obligations under the Income Tax Act 1967; – The New Service Tax (including transition) legislations and issues; and – Litigation Tax Cases – Special Commissioners/Tribunal versus Judicial Review. 	DYC, LGK, RCV, SC, SF

External training

A. Corporate Governance, Risk Management and Internal Control

Date	Training/Course	Attendance
February 2018	Mandatory Accreditation Programme	RCV
March 2018	Mandatory Accreditation Programme	SF
August 2018	Annual Corporate Governance Seminar	LGK
	Advocacy Programme on Corporate Governance Assessment Using the Revised Asean Corporate Governance Scorecard Methodology	TZA
October 2018	Independent Director's Programme – The Essence of Independence	TZA

CORPORATE GOVERNANCE OVERVIEW

Principle A: Board Leadership and Effectiveness

B. Economics, Finance and Business

Date	Training/Course	Attendance
March 2018	Bank Negara Malaysia Annual Report 2017 and Financial Stability and Payments Systems Report 2017	DYC
June 2018	The 22 nd Malaysian Banking Summit	DYC
July 2018	Penang Economic Development Strategy	LGK
October 2018	Retail Credit Risk Briefing Khazanah Megatrends Forum 2018	DYC TZA
November 2018	Bank Negara Malaysia – The Financial Institutions Directors' Education Forum Board Conversation dialogue with senior officials of Bank Negara Malaysia	DYC
September 2018	Chartered & Fellowship Masterclass Roundtable with UK-ASEAN Business Council	DYC DRR
October 2018	Anti-Corruption Summit 2018	TZA

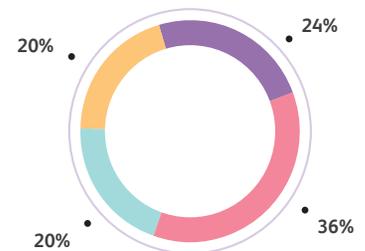
C. Media and Technology

Date	Training/Course	Attendance
March 2018	ASEAN-Australia Business Summit 2018 CEO Forum Roundtable	DRR
April 2018	The International Market for Content Development and Distribution (MIPTV) 2018 Asia Pacific Pay-TV Operators Summit 2018 (APOS)	DRR
October 2018	Overview of Vodafone Strategy	LGK

D. Board Leadership and Management

Date	Training/Course	Attendance
June 2018	Problem Solving and Communication Skills Workshop	LGK
July 2018	Leading Change – A Personal Journey Financial Sector Talent Enrichment Programme – Prominent Leader session Engagement with Employees in the Northern region	DYC DYC LGK
December 2018	Lean In unConference 2018	DYC

	No. of training	Percentage %
● Corporate Governance, Risk Management and Internal Control	6	24
● Economic, Finance & Business	9	36
● Media & Technology	5	20
● Board Leadership & Management	5	20
Total	25	100



CORPORATE GOVERNANCE OVERVIEW

Principle A: Board Leadership and Effectiveness

Our Remuneration Policies

Our Board remuneration philosophy sets out that NEDs' remuneration should be adequate to attract, retain and motivate individuals of the necessary calibre, expertise and experience to join our Board. In determining NEDs' remuneration, various factors are considered including changes in the business, market environment, time commitment as well as directors' remuneration in local and regional companies which operate in similar businesses and are comparable in size and market share. Our policies are subject to periodic review and change, where relevant to our business.

NEDs' remuneration adheres to a schedule of fixed fees in accordance with their responsibilities on our Board and Board Committees. They are entitled to be reimbursed for expenses which are reasonably incurred by them in the discharge of their duties such as travel and accommodation, mobile and broadband expenses. Fees were not paid to our then ED/GCEO. There is an established process for the reimbursement of expenses incurred by NEDs which require the approval of our Board Chairman, while his expenses are in turn subject to review and approval by our ARC Chairman.

			Fees (RM'000)					
			Board Committees					
	Chairman	Member	ARC		NCGC		RC	
			Chairman	Member	Chairman	Member	Chairman	Member
Non-Executive Directors								
Tun Dato' Seri Zaki bin Tun Azmi	401	94	-	-	35	-	-	-
Datuk Yvonne Chia	-	261	-	20	-	16	35	-
Renzo Christopher Viegas	-	261	41	-	-	-	-	-
Richard John Freudenstein	-	261	-	20	-	-	-	16
Lim Ghee Keong	-	261	-	-	-	-	-	16
Simon Cathcart	-	261	-	-	-	-	-	-
Shahin Farouque bin Jammal Ahmad	-	261	-	-	-	16	-	-
	401	1,660	41	40	35	32	35	32

The remuneration paid to our then ED/GCEO in FY19 is set out in the table below:

	Salary (RM'000)	Bonus (RM'000)	Other Emoluments (RM'000) ^(a)	Benefits in Kind (RM'000) ^(b)	Total (RM'000)
Executive Director					
Dato' Rohana Rozhan	4,691	4,500	1,582	35	10,808

(a) Inclusive of statutory contributions and flexible benefits

(b) Inclusive of driver, car and fuel allowance

Analysis of Total Directors' Fees and Benefits in respect of FY19

The aggregate amount of Directors' fees and benefits paid by the Company in respect of FY19 amounted to approximately RM2.43 million compared to RM2.09 million in FY18. The increase in fees paid amounting to approximately RM0.34 million was primarily due to a revision in NEDs' remuneration rates which was approved at the Sixth AGM held on 7 June 2018.

CORPORATE GOVERNANCE OVERVIEW

Individual Directors do not participate in discussions and decisions relating to their own remuneration. In line with CG best practices, our NEDs do not participate in our Management Share Scheme (“Share Scheme”) to ensure independence of judgement.

Our current NEDs' fees and benefits were approved by our Company's shareholders at the Sixth AGM in June 2018. In accordance with Section 230 of the Act, shareholders' approval is sought on an annual basis for directors' fees and benefits. At the forthcoming Seventh AGM in June 2019, our Board is seeking approval for NEDs' remuneration rates, payable on a monthly basis and/or as and when incurred based on the same remuneration rates that were approved last year. Our RC and Board had reviewed the rates and are of the view that they remain competitive and appropriate, and hence no changes are required.

The fees and benefits paid to or incurred on behalf of NEDs' individually in FY19 are set out in the table below, representing a total amount of approximately RM2.43 million, which is within the approval obtained from our shareholders for payment of directors' fees and benefits at the Sixth AGM.

	Meeting Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Other Emoluments (RM'000) ^(a)	Benefits in Kind (RM'000) ^(b)	Total (RM'000)
	14	-	-	-	30	574
	23	-	-	-	-	355
	17	-	-	-	-	319
	22	-	-	-	-	319
	21	-	-	-	-	298
	12	-	-	-	-	273
	14	-	-	-	-	291
	123	-	-	-	30	2,429

The number of Directors within the required disclosure bands are as follows:

Executive Director/ Group Chief Executive Officer	No. of Directors
RM10,800,000 – RM10,850,000	1
Non-Executive Directors	
RM250,001 – RM300,000	3
RM300,001 – RM350,000	2
RM350,001 – RM400,000	1
RM550,001 – RM600,000	1

CORPORATE GOVERNANCE OVERVIEW

Principle A: Board Leadership and Effectiveness

CEO Remuneration

The details of remuneration paid to DRR, our then GCEO up to 31 January 2019 are set out in the remuneration table on page 80.

HT, our new CEO came into office on 1 February 2019 for a period of three years based on terms that were recommended by our RC and approved by our Board after a process of benchmarking and discussions. He is entitled to a fixed basic salary over the three-year contractual period as well as annual performance bonus at our Board's discretion subject to meeting our Group's performance targets. In addition to basic salary and EPF, benefits such as a company car or fixed car allowance, driver and medical coverage are provided. Either party may terminate the employment by giving six months' prior written notice.

Our CEO's performance is measured by individual and corporate performance based on the agreed KPIs established by our Board set out in the FY20 Company Scorecard, which contains both financial and non-financial KPIs that are necessary to ensure the achievement of our Group's short-term and long-term goals.

Our Code of Business Ethics ("COBE"), Conflict of Interest and Whistleblowing Policy

Our Group is committed to upholding a high standard of business ethics in engagements with all our stakeholders. The COBE, which is published on our corporate website, outlines the principles and best practices to be applied when conducting business. It is essential that fair and impartial practices in compliance with all laws and regulations are applied in our business conduct and relationships.

Our Directors have individually acknowledged and confirmed that they have read the COBE and will abide by the provisions contained therein. Our employees are also required to affirm their acceptance and understanding of the COBE via an online learning, assessment and certification programme annually.

Under the MMLR and the Act, our Directors are required to abstain from deliberating and voting on any matter in which they may be deemed interested, directly or indirectly, including any contract or proposed contract or arrangement involving a Group entity. As part of conflict monitoring, the directorships and shareholdings in companies outside Astro held by our Directors, and any changes thereto, are tabled at each quarterly Board meeting. Our Directors' shareholdings in our Company are reported on page 149. Notifications from our Directors and principal officers in respect of any dealings in Astro shares during closed and open periods were announced to Bursa Securities, as required under the MMLR. Our Directors and principal officers have been reminded of the prohibition from dealing in such shares if they are in possession of price sensitive information.

Our Group has in place a Whistleblowing Policy and Procedures, which is under the purview of our ARC and managed by Corporate Assurance ("CA").

CORPORATE GOVERNANCE OVERVIEW

Principle B: Effective Audit and Risk Management

Our Board is assisted by our ARC in the oversight of the financial reporting and audit process to ensure that the financial statements give a true and fair view of our Group's financial position and comply with the applicable financial reporting standards. In addition, our ARC is responsible for reviewing our GRMF including our Group risk appetite and risk tolerance.

A robust risk management framework and sound internal control procedures are in place to provide continuous process to manage risks that may affect the achievement of our business and strategies to an acceptable level within the Group risk appetite. In FY19, our Board carried out an assessment of our overall governance framework and decided to retain the risk management functions within our ARC after taking into consideration our Group's specific circumstances, board size and composition.

The performance of our ARC in FY19 was evaluated as part of the annual BEE and the findings indicated that our ARC has discharged its responsibilities.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Our Board is committed to adequate and timely disclosure of information whether financial, organisational, governance or transactions related, to enable our stakeholders to properly assess our Group's performance. The Spokesperson and Social Media Guide regulate interaction with our stakeholders, including setting out a list of information that is prohibited from disclosure such as price and market-sensitive information. The public can access the latest information regarding our Group via our corporate website, including public announcements, financial results, analyst presentations, charters and annual reports. As part of our investor relations policy, there are regular engagements between Senior Leadership and the Investor Relations team with research analysts, fund managers and the wider investment community.

Annual General Meeting

The AGM is a key forum for communication between our Board, Senior Leadership and shareholders. Notice of our Sixth AGM in 2018 was issued at least 28 days before the AGM date to ensure sufficient time for our shareholders to plan proxy lodgement. We are encouraged by the participation at our Sixth AGM held on 7 June 2018, which was attended by over 3,000 shareholders and proxies representing 87.75% of our Company's issued share capital. Our Directors and Senior Leadership engaged with our shareholders at the AGM and addressed their queries regarding our Group's financial and business performance.

Designated Contact Persons

Queries and concerns may be directed to our Board through the following individuals:

Datuk Yvonne Chia

(Senior Independent Non-Executive Director)
c/o Corporate Secretarial Team
3rd Floor, Administration Building
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi, Bukit Jalil
57000 Kuala Lumpur
Tel No. : +603 9543 9267
Email Address : yvonne_chia@astro.com.my

Shafiq bin Abdul Jabbar (Chief Financial Officer)

Tel No. : +603 9543 6688 ext 2729
Email Address : shafiq_aj@astro.com.my

Liew Wei Yee Sharon (Company Secretary)

Tel No. : +603 9543 6688 ext 3404
Email Address : sharon_liew@astro.com.my

REMUNERATION COMMITTEE REPORT

Composition

Our RC was established by our Board on 1 April 2011 and comprises NEDs, with a majority being independent. The members of our RC are as follows:

Name of RC Member	Appointment Date	Designation/ Directorate
Datuk Yvonne Chia	1 August 2016	Chairman/Senior INED
Richard John Freudenstein	1 February 2017	Member/INED
Lim Ghee Keong	6 December 2017	Member/NINED

There were no changes to our RC composition in FY19.

Key Role and Responsibilities

Our RC assists our Board on matters relating to the remuneration of NEDs and CEO, and reviews the remuneration policy to ensure the ability to attract, motivate and retain talent. In determining NEDs' remuneration, our RC is guided on the key principles underpinning our Board's policies for NED remuneration, which include an assessment of the individual's experience, time commitment, level of responsibilities and complexity shouldered, special assignments and risk. The RC's TOR is published on our corporate website.

Summary of Activities in FY19

During FY19, our RC held eight meetings in the process of discharging its responsibilities. Matters considered by our RC during the year included but are not limited to the following:

(i) In respect of FY18 annual matters:

- (a) Reviewed and recommended the revised NEDs' remuneration rates to our Board after a detailed benchmarking process. Shareholders' approval was obtained for the revised rates at the Sixth AGM on 7 June 2018.
- (b) Assessed our Group's performance against the approved FY18 Company Scorecard and based on the overall achievement, recommended the overall

bonus and merit increment proposal for our Group's employees including our then GCEO to our Board for approval. In line with its TOR, our RC also noted the evaluation of our then GCEO's direct reports to ensure a consistent and appropriate performance evaluation.

- (c) Endorsed the remuneration disclosures that were set in the Annual Report 2018.
- (ii) Administered the Share Scheme and among other activities, considered the status of outstanding share awards including share awards which were due for vesting. Our RC reviewed the criteria for vesting which are based on our Group's performance and where appropriate, made recommendations to our Board for the awards to vest or lapse. Certain share awards granted to Senior Leadership in FY16 lapsed in FY19 due to non-achievement of the vesting criteria over three years. Details on the outstanding share awards and vesting are set out on page 315.
- (iii) Reviewed, benchmarked and recommended our new CEO's remuneration package and terms of employment to our Board for approval.
- (iv) Reviewed the scope of our RC's responsibilities to ensure adherence to the MMLR and guidance issued by Bursa Securities.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Composition

Our NCGC was established by our Board on 1 April 2011 and comprises NEDs, with a majority being independent. The members of our NCGC are as follows:

Name of NCGC Member	Appointment Date	Designation/ Directorate
Tun Dato' Seri Zaki bin Tun Azmi	15 August 2012	Chairman/INED
Datuk Yvonne Chia	24 April 2015	Member/Senior INED
Shahin Farouque bin Jammal Ahmad	6 December 2017	Member/NINED

There were no changes to our NCGC composition in FY19.

Key Role and Responsibilities

Our NCGC assists our Board on matters relating to the selection and appointment of members of our Board and Board Committees, including reviewing the board size and composition. It is also responsible for reviewing the CG practices within our Group and ensuring an appropriate level of disclosure and transparency of our CG practices. The NCGC's TOR is published on our corporate website.

Appointment of Directors

Nominations for appointment to our Board will be assessed by our NCGC based on the established Board Selection Criteria set out below, thus ensuring that each of our Directors has the character, experience, integrity, competence and time to effectively discharge his role as a Director:

- Proven leadership and experience in areas that are relevant to our Group's strategies and business plan
- Character of the individual to ensure a right fit
- Ability to dedicate sufficient time to discharge his responsibilities
- Unblemished reputation for integrity and ability to exercise good business judgement

Our NCGC also takes into consideration any gaps that may be identified in the Board Skills Matrix, which is an annual review of the competencies of our current Directors mapped against competencies required to fulfil our Group's ambitions and strategies. The following chart depicts the process for Board appointments:



NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Board Effectiveness Evaluation and Annual Re-election of Directors

Our annual BEE is facilitated by our NCGC with assistance from our Corporate Secretarial team. Our NCGC will determine at periodic intervals on the engagement of an external facilitator to provide an independent assessment of the effectiveness of our Board, Board Committees and individual Directors as well as valuable insights on good board practices. The action plans arising from the BEE will be monitored by our NCGC. The results of the BEE is, among others, used for the purposes of recommending the annual re-election of our Directors to our Board and shareholders for approval.

Summary of Activities in FY19

During FY19, our NCGC held four meetings in the process of discharging its responsibilities and considered matters which included but are not limited to the following:

- (i) In respect of FY18 annual matters:
 - (a) Administered the BEE for FY18 encompassing an evaluation of our Board as a whole, our Board Committees, individual Directors and INEDs, and monitored the progress of action plans arising from the assessment.
 - (b) Reviewed the eligibility of our Directors who retired pursuant to our Company's Constitution and recommended them for re-election at the Sixth AGM in June 2018.
 - (c) Endorsed the CG disclosures that were set in the Annual Report 2018.
- (ii) Conducted the BEE for FY19. A summary of the BEE for FY19 is reported on page 74.
- (iii) Reviewed and recommended the nomination of additional Directors to our Board, having regard to our Board Selection Criteria and Board Skills Matrix, as well as the provisions of the MMLR and MCCG in respect of independence and women directors.
- (iv) Carried out an analysis of our Group's CG practices, policies and procedures taking into consideration the MCCG Principles and Practices, and in areas where a departure is noted, considered the alternative means that are in place and/or required to achieve the intended outcomes.
- (v) Reviewed our Group's succession plans for key and critical positions, ensuring that an emergency cover plan for critical leadership roles is in place at all times, and an adequate talent pipeline.
- (vi) Reviewed the scope of our NCGC's responsibilities to ensure adherence to the MMLR and guidance issued by Bursa Securities.

AUDIT AND RISK COMMITTEE REPORT

Composition

Our audit committee was established by our Board on 1 April 2011 and was redesignated as ARC on 6 December 2018. The members of our ARC are as follows:

Name of ARC Member	Appointment Date	Designation/ Directorate
Renzo Christopher Viegas	1 December 2017	Chairman/INED
Datuk Yvonne Chia	1 January 2014	Member/Senior INED
Richard John Freudenstein	30 September 2016	Member/INED

The composition of our ARC complies with the MMLR and MCGG as all three ARC members are INEDs. The ARC Chairman has in-depth accounting and related financial management expertise and hence, our ARC meets the requirements of paragraph 15.09(1)(c) of the MMLR, which stipulates that at least one member of the audit committee must be a qualified accountant.

There were no changes to our ARC composition in FY19.

Our Board has reviewed and considered the skills and experience of our ARC members, as shown by their profiles, to be sufficient and relevant to enable the proper discharge of responsibilities by our ARC.

The composition of the ARC also complies with Practice 8.2 of the MCGG which states that a former key audit partner shall not be appointed as a member of our ARC until the expiry of a two-year cooling-off period. No former audit partner has been appointed to our ARC to date.

Meeting Attendance

In FY19, five ARC meetings were held and each met the requisite quorum stipulated in the ARC Charter, with at least two members present, of whom are all members independent directors. Details of ARC meeting attendance can be found in the table on page 77.

Senior Leadership from the business, finance, IT and legal functions were invited to attend ARC meetings to facilitate deliberations as well as to provide clarification on their areas of responsibility. Where required, the relevant management representatives were

invited to provide explanation to our ARC on specific control lapses and issues noted from the audit reports. In addition to the above, representatives from the external auditor, PricewaterhouseCoopers (“PwC”) and CA also attended the meetings and presented their reports on external and internal audit matters. An update of the key matters discussed by our ARC is provided by our ARC Chairman to our Board at quarterly Board meetings. The Company Secretary acts as the Secretary to our ARC.

Pre-ARC meetings were also organised prior to the quarterly ARC meetings to enable early escalation and resolution of any significant issues.

Our ARC Chairman and certain ARC members had also met separately with the Vice President, CA and PwC, as necessary, without the presence of Management. Our ARC Chairman further engages on a continuous basis with Senior Leadership, particularly the CFO, the Vice President, CA and PwC, to keep abreast of matters and issues affecting our Group.

Roles and Responsibilities

During FY19, our ARC continued to play a key role in assisting our Board to fulfil its oversight responsibilities. Our ARC’s principal activities were focused on ensuring the integrity of our Group’s financial reporting process, monitoring the management of risk and system of internal control, external and internal audit process, compliance with legal and regulatory matters as well as the COBE. In the discharge of its responsibilities, our ARC is guided by the ARC Charter, which was last reviewed and approved by our Board in March 2018 and published on our corporate website.

AUDIT AND RISK COMMITTEE REPORT

Our ARC's key focus areas throughout FY19 are summarised below:

(a) Financial Reporting

- Reviewed and recommended to our Board, the quarterly financial reports to be released within two months from the end of each quarter ended April 2018, July 2018, October 2018 and January 2019; the FY18 Audited Financial Statements in March 2018 and the related press releases/announcements including whether the said reports are balanced and understandable and provide information necessary for shareholders to assess our Group's performance.
- Reviewed our Group's solvency and ability to continue as a going concern on a quarterly basis as part of the dividend proposal and approval of the Audited Financial Statements, respectively.
- Our ARC received regular updates on the developments of new accounting standards and considered the impact of those standards on our Group's financial reporting process.

(b) External Audit

- Continued to oversee the relationship with, and performance of PwC, including making the recommendation on their reappointment for FY20 and approval of their fee.
- Assessed the effectiveness of the external audit process and appropriateness of the audit scope, including the review and/or approval of the audit plans and findings of external audit.
- Reviewed PwC's annual audit report which sets out the key audit matters and management letters on internal control matters, including Senior Leadership's response and the level of co-operation given by employees to PwC.
- Reviewed auditor independence and the provision of non-audit services on a quarterly basis.

(c) Internal Audit

- Continued to monitor and review the effectiveness of the CA function and scope of audit, including the audit plans and findings.
- Reviewed the performance appraisal and approved the performance rewards of the Vice President, CA and the adequacy of internal audit resources.

(d) Risk Management and Internal Controls

- Reviewed and exercised oversight over the Group risk transformation initiatives and risk management systems and processes, including the risk appetite and tolerance.
- Reviewed the effectiveness of the system of internal controls, taking into account findings from internal and external audit reports.
- Reviewed the Statement on Risk Management and Internal Control ("SORMIC") for inclusion in the Integrated Annual Report 2019.

(e) Other Matters

- Received updates on the following areas:
 - business and financial performance across our Group, including cost rationalisation measures
 - competitive landscape as well as new partnerships or JVs in the industry that our Group competes in
 - cyber security, treasury, tax, regulatory and legal matters
 - customer data quality and analytics, succession planning and talent pipeline.
- Reviewed reports on Related Party Transactions ("RPTs").
- Reviewed Disclosures reported to the Whistleblowing Line channels which are in place to enable whistleblowers to raise concerns ("Disclosures") in confidence and the investigation into Disclosures reported to ensure that appropriate action is taken, where applicable.
- Reviewed the verification performed by CA on the allocation of shares to eligible employees to ensure compliance with the By-laws of the Management Share Scheme approved by our Board and shareholders on 3 August 2012.

Financial Reporting

Our ARC's primary responsibility in relation to our Group's financial reporting is to review, alongside Senior Leadership and PwC, the quarterly unaudited financial statements and annual Audited Financial Statements, concentrating on, among other matters:

- The accounting principles and standards that were applied to ensure compliance with applicable approved accounting standards and legal requirements;
- Material areas in which significant judgements have been applied; and
- Whether the Integrated Annual Report 2019 and annual Audited Financial Statements FY19, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess our Group's performance.

AUDIT AND RISK COMMITTEE REPORT

As part of the reviews of the financial statements, the significant accounting issues considered and actions taken by our ARC are as follows:

Issue	Description	Action Taken by our ARC	Outcome
Goodwill, brands and spectrum impairment assessment	Our Group has intangible assets which included goodwill, brands and spectrum balance of RM1,508 million as at 31 January 2019. Significant judgement is required in setting the assumptions underpinning the calculation of the value in use of the cash generating units. Senior Leadership has performed an impairment assessment over the goodwill, brands and spectrum balance, as well as sensitivity analyses to ensure that the value in use of the cash generating units supports the carrying value in the financial statements.	Our ARC had reviewed the annual impairment assessment performed by Senior Leadership as well as the work performed by PwC. This included PwC's review of Senior Leadership's cash flow projections, sensitivity analyses as well as Senior Leadership's assumption on revenue growth rates, terminal growth rates and discount rates. PwC had reported explicitly on this matter in its audit opinion and found that the assumptions related to the above rates are reasonable, relative to historical results, industry and market forecasts. Based on the procedures performed above, PwC did not find any material exceptions to the Directors' conclusion that no impairment is required for goodwill, brands and spectrum rights as at 31 January 2019.	Our ARC is satisfied that the assumptions made by Senior Leadership are reasonable and that the sensitivity analyses were appropriately applied to ensure the robustness of the annual impairment assessment.
Subscription revenue recognition	There is an increased level of inherent risk due to error in revenue recognition given the complexity of the billing and accounting systems.	Our ARC reviewed PwC's assessment of the overall IT general controls of the billing and accounting systems of the revenue data recorded.	Our ARC is satisfied that there is no material exceptions in the accuracy of the subscription revenue.
Assessment of funding requirements and ability to meet short-term obligations	As at 31 January 2019, our Group's short-term borrowings, payables and accruals totalling exceeded current assets by RM438 million, which may impact the ability of our Group to meet its short-term obligations.	Our ARC reviewed management's assessment of our Group's prospects, including the cash flow projection and plans to meet our Group's commitments for the 12-month period to 31 January 2020.	Based on the review, which also incorporated sensitivity analyses, our ARC is satisfied that our Group has sufficient resources and working capital to meet its short-term obligations and accordingly, continue to adopt the going concern basis in preparing the financial statements.

During FY19, our ARC also received updates on and reviewed the impact assessment from the adoption of the accounting standard MFRS 16 on leases, which would impact our Group's financial reporting upon adoption in FY20.

AUDIT AND RISK COMMITTEE REPORT

External Audit

In FY19, the following criteria were assessed and considered by our ARC before recommending the reappointment and remuneration of PwC.

Independence	Audit and Non-Audit Services
<p>Our ARC reviewed PwC's FY19 written affirmation of its independence to act as the Company's external auditors in accordance with the relevant professional and regulatory requirements.</p> <p>Our Group has also restricted the employment of former employees of PwC to ensure independence and for avoidance of any conflict of interest. In FY19, there was no employment of any PwC employee that was reported to our ARC.</p>	<p>Our ARC is cognisant that while it is important that PwC's independent role in reporting to the shareholders is not compromised, it is equally important that our Group is not deprived of expertise as and when it is needed.</p> <p>Our Board has therefore adopted a Policy on the Provision of Audit and Non-Audit Services by the external auditors based on the general principle that the external auditors should not perform non-audit services that may impair its objectivity and independence. During FY19, our ARC approved a revised policy on the provision of non-audit services by the external auditor, effective 1 February 2019. Under the new policy, the three-year rolling average engagement fee for non-audit services is limited to 50% of the statutory financial audit and interim review fees which were approved by our Board for the immediate preceding financial year. Any non-audit services exceeding the above threshold will require specific pre-approval by our ARC.</p> <p>During FY19, the Group and the Company incurred non-audit fees of RM1.16 million and RM Nil respectively. These non-audit fees were incurred in connection with the performance of agreed upon procedures, regulatory compliance reporting, tax and advisory services. On a quarterly basis, our ARC reviewed the analysis provided by PwC on the provision of audit and non-audit services, including fees incurred, and remains satisfied that PwC's independence is not impaired from the provision of non-audit services.</p>
Audit planning and working with PwC	Effectiveness and Quality
<p>Our ARC reviewed PwC's detailed audit plan identifying their audit scope, approach and assessment of key audit risks. The Group's key attributes and business transformation workstreams in FY19 were also considered in determining PwC's areas of emphasis. The audit plan was approved by our ARC on 25 September 2018.</p> <p>During FY19, our ARC met with PwC on two occasions, separately, without the presence of Senior Leadership. These sessions allowed our ARC and PwC to focus on areas that might not have been specifically addressed as part of the audit and where PwC can provide additional, candid and confidential comments to our ARC.</p>	<p>Our ARC reviewed the evaluation on PwC's performance and effectiveness which was coordinated by the Company Secretary. The annual assessment covered:</p> <ul style="list-style-type: none">• Independence, objectivity and professional scepticism• PwC's financial stability, risk profiles and audit strategy• Communication and interaction• Audit finalisation• Quality of skills, capabilities of audit team and sufficiency of resources <p>The assessment was conducted in April 2019 with feedback obtained from our ARC, Senior Leadership and CA and a self-assessment by PwC. Based on the said evaluation, our ARC is satisfied with PwC's performance throughout FY19.</p>

AUDIT AND RISK COMMITTEE REPORT

Audit planning and working with PwC	Effectiveness and Quality
<p>Matters discussed included, among others, PwC's assessment of the tone at the top, ethical values and integrity of Senior Leadership, quality of financial management and reporting, confirmation that there has been no restriction in scope placed on them by Senior Leadership, and cooperation from various levels of Senior Leadership as well as internal auditors.</p>	<p>In addition, our ARC also reviewed PwC's representation on its quality control procedures with respect to engagement performance which included the involvement of a quality review partner, access to PwC's accounting technical support on complex accounting matters, periodic assurance quality review by PwC's Global Assurance Quality Review team, internal guidance on accounting standards interpretation and application and International Standards of Auditing guidelines as well as periodic attendance of mandatory training/courses.</p>

Based on the above, our ARC recommended to our Board the reappointment of PwC for FY20 at the forthcoming Seventh AGM in June 2019. FY20 marks the fourth year of engagement with the current audit partner.

Internal Audit

Our ARC is supported by CA which provides independent validation on the risk management, control and governance processes of our Group. The Vice President of CA reports functionally and administratively to our ARC Chairman. In November 2018, Rizal Khalid was appointed the Vice President of CA to replace Sze Yuet Sim who has headed CA since January 2000. Rizal Khalid holds a Bachelor of Commerce (Accounting and Finance) from University of Melbourne and is a member of Chartered Accountants of Australia and New Zealand.

CA's role is governed by the CA Charter to ensure that CA's purpose, authority and responsibility reflect the developments in CA's activities and are in line with best practices promulgated by internal audit professional bodies. The latest CA Charter was approved by our ARC in March 2018.

At the start of the year, our ARC considered and approved CA's annual review plan that included audits of business and support units across the Group, as well as assurance over live projects. On a quarterly basis, the review plan is assessed and updated taking into account changes in the business and operating environment. Changes to the review plan were communicated promptly to our ARC. There is also regular liaison among CA and other assurance functions such as Process Improvement and Revenue Assurance ("RA"), Group Risk Management ("GRM") and PwC to monitor and ensure the effectiveness of the risk governance framework and management processes of our Group.

During FY19, our ARC reviewed the report findings from CA's planned and ad hoc reviews and the actions taken to implement the recommendations made in the reports. Members of Senior Leadership were invited from time to time to provide clarification on the findings and updates on the action taken, where applicable. In certain instances, our ARC also challenged Management on the actions it took to minimise the chances of lapses and ensure that material findings are adequately addressed within a reasonable time frame. The planned reviews included financial, operational, technology and information systems audits and project reviews across all business units within our Group. The ad-hoc reviews included, among others, governance enhancement reviews related to policies and procedures, RPTs and special reviews based on Disclosures reported to the Whistleblowing Line and other channels. All CA reports were provided to our ARC. A summary of CA's findings and progress status against previously agreed action plans is tabled quarterly at ARC meetings.

AUDIT AND RISK COMMITTEE REPORT

As at 31 January 2019, there were a total of 14 internal auditors based on an approved headcount of 17 auditors, all of whom possess tertiary qualifications. The number of years of internal audit experience and competencies of our 14 auditors as at 31 January 2019 are as follows:

Years of internal audit experience	0 – 5	5 – 10	>10	Total
Number of auditors	3	2	9	14

Competencies	% of auditors
Accounting and Finance	35
Information Technology	26
Risk Management	13
Banking	17
Telecommunications	9

All CA team members had declared to our ARC that they are free from any relationships or conflicts of interest which would impair their objectivity or independence.

CA staff are kept abreast of the developments in the profession and industry through attendance at training aimed at equipping them with the relevant skills appropriate to their respective levels such as cyber security and cloud security operations. In addition, they are also encouraged to pursue professional certifications including Certified Internal Auditor (CIA), Certified Information System Auditor (CISA) and Certified Fraud Examiner (CFE).

The total operational costs incurred for CA in FY19 amounted to approximately RM5.7 million (FY18: RM3.7 million).

Our ARC had reviewed the CA function and its KPIs to ensure that CA's activities are performed independently, proficiently and with due professional care. The effectiveness of CA is assessed based on specific measures that include, but are not limited to:

- Feedback received from business units audited via an auditee satisfaction survey using an automated tool.
- An annual review coordinated by our Company Secretary in March 2019 with feedback sought from our ARC, Senior Leadership and PwC. The areas assessed include audit planning and resources, skills and experience, and work programme.

Based on the evaluation results, our ARC is satisfied with the performance of CA and noted several areas of improvements for CA to address in FY20.

AUDIT AND RISK COMMITTEE REPORT

Risk Management and Internal Controls

Our Board is responsible for establishing and maintaining our Group's system of internal controls and risk management and for reviewing their effectiveness.

During FY19, our ARC assisted the Board in ensuring that a robust process for identifying, evaluating and managing the key business risks faced by our Group is in place and operating effectively. Our ARC reviewed our Group's Key Risk Profile with a focus on the risks identified on pages 29 to 32. In addition, our ARC reviewed the adequacy and effectiveness of the system of internal controls based on the results of the work performed by PwC and CA tabled in our ARC meetings on a quarterly basis.

Further details on our Group's risk management process, as reviewed by our ARC, are included in the SORMIC on pages 95 to 99.

Other Matters

Related Party Transactions	Integrity and Ethics
<p>On a quarterly basis, our ARC reviewed the RPTs entered into by our Group with our related parties to ensure that:</p> <ul style="list-style-type: none">RPTs have been conducted based on our Group's normal commercial terms and are not to the detriment of our Group's minority shareholdersProper disclosures were made in accordance with the MMLRActual expenditure on Recurrent Related Party Transactions ("RRPTs") is within the mandate approved by the shareholders <p>For FY19, our ARC also reviewed the estimated RRPT mandate for the ensuing year and the 2018 Circular to Shareholders in respect of new, and the renewal of, shareholders' mandate for RRPTs, prior to seeking Board approval.</p>	<p>Our Group has adopted the Whistleblowing Policy and Procedures which were established to enable whistleblowers to raise concerns in confidence, and to ensure proportionate and independent investigation is duly conducted and follow-up actions are taken and brought to the attention of our ARC. In March 2018, our ARC reviewed the Whistleblowing Policy and Procedures and concluded that the policy and procedures currently in place are appropriate and adequate.</p> <p>During FY19, CA which manages the Whistleblowing Line received a total of 11 ethics, conflict of interest and integrity-related Disclosures which were reported by various parties including employees and external parties. On a quarterly basis, our ARC reviewed CA's report on the cases reported through the Whistleblowing Line and other available channels as well as the status of investigation (where applicable) into these cases. For FY19, our ARC is satisfied that there were no cases with significant impact to our Group.</p>

Quarterly Updates

Our ARC also reviewed the quarterly reports on the following areas:

- Treasury, including the sources and uses of cash, analysis of working capital, compliance status of debt covenants, vendor financing and debt facilities, foreign exchange management and financing options.
- Tax, including the status of tax filings and audits of selected entities of our Group by the Inland Revenue Board.
- Regulatory compliance and status of material litigations to ensure that these matters have been appropriately reflected in the financial statements. A summary of the material litigations, claims and arbitration is provided in the notes to the FY19 Audited Financial Statements on pages 171 to 297.

AUDIT AND RISK COMMITTEE REPORT

Integrated and Sustainability Reporting

Our ARC plays an oversight role in respect of the company's Integrated Annual Report. Our ARC considered the information disclosed in the Integrated Annual Report 2019 and has assessed its consistency with operational and other information known to our ARC, and for consistency with the annual financial statements. Our ARC is satisfied that the sustainability information is in all material respects, reliable and consistent with the financial results and nothing has come to the attention of our ARC to indicate any material deficiencies.

Key Focus for FY20

The key priorities of our ARC for FY20 are to continue the focus on:

- The integrity of our Group's financial accounting and reporting, including the quality of earnings considering the competitive environment that our Group operates in;
- The robustness, rigour and quality of the external and internal audit process as well as risk management especially in relation to cyber security risk;
- Rationalisation of the business and operations; and
- Content and IP creation in line with our Group's strategic imperatives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Our Board is responsible and accountable for the adequacy and effectiveness of our Group’s risk management and internal control system. The system comprises a robust risk management framework and sound internal control procedures that provide continuous process for identifying, evaluating and managing risks that may affect the achievement of our business objectives and strategies to an acceptable level within the Group risk appetite. The system only provide reasonable assurance against material misstatement or loss and is in line with the requirements and guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia.

Board Responsibilities

Our Board is committed to implementing and reviewing a sound risk management and internal control environment. Our Board is supported by our ARC to oversee the risk management and internal control system of our Group. Our Board through our ARC is responsible for determining our Group risk appetite and risk tolerance for Management to operate within.

1 Risk Management

At Astro, risks are identified and managed through adoption of the GRMF, where effective risk management processes, practices and culture are embedded within our Group’s strategic planning activities, operational processes, and project management.

The GRMF is established based on the Committee of Sponsoring Organisation (“COSO”) Enterprise Risk Management Framework -Integrated with Strategic and Performance. The GRMF sets out the risk management governance, infrastructure, processes, and control responsibilities and underpins our Group Risk Management Policy

(“GRMP”) which established minimum standards and procedures in ensuring the GRMF is consistently applied and complied with.

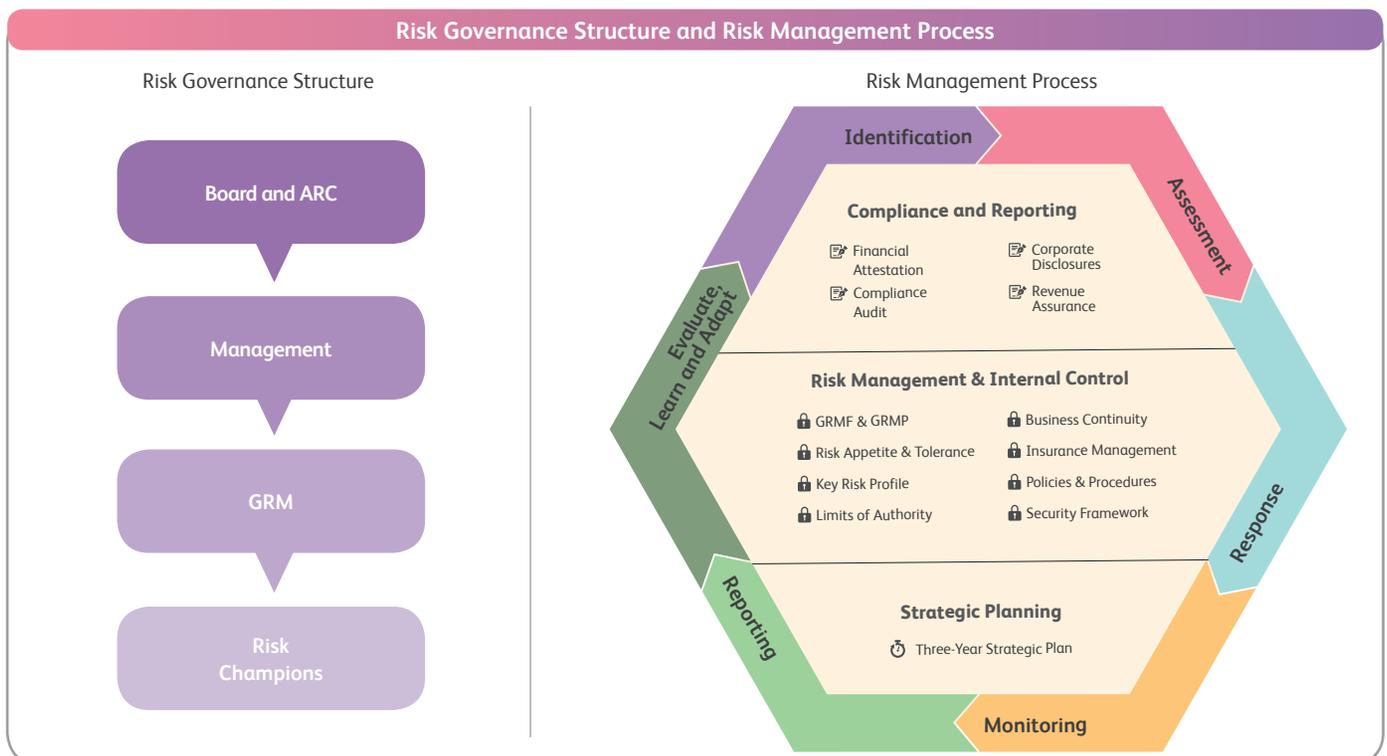
Our Group Risk Management (“GRM”) team effectively drives the GRMF for identifying, reviewing, managing and monitoring our risks, which is annually refreshed for effectiveness and applicability.

Key risks identified are regularly assessed and reflects the evolution of the industry and market environment within which our Group operates. The management of risk is embedded in each level of the business, with all employees being responsible for the understanding and managing of risks within our risk appetite.

In FY19, our Board has approved the following risk appetite parameters:

- Our Group is prepared to take measured risks to achieve its business objectives and strategies to ensure a sustainable business model.
- Our Group does not condone any practices that may impact our brand and reputation, customer and confidential data, service delivery standards, or regulatory non-compliance.

The GRMF provides guidance for a systematic and consistent approach to identify, assess, implement, monitor and report risks throughout our Group, which is reviewed by CA and our ARC. The function of the ARC is to drive effective risk management through continuous review of the GRMF and GRMP to ensure effective identification of emerging risks and management of identified risks through implementation of appropriate controls and risk mitigation strategies while balancing the dynamic forces of business outlook, opportunities and commercial considerations. Our Group’s Key Risk Profile on pages 29 to 32 is reviewed by our Board through the ARC. Our risk governance structure and risk management process is illustrated below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2 Control Environment and Activities

A robust and effective control environment within our Group is fundamental in ensuring CG best practices. Our Board and Management have demonstrated their commitment to maintaining an effective internal control environment through continuous enhancement to the design of internal control system to ensure controls are relevant, effective and robust to promote operational agility while ensuring CG best practices and compliance with regulatory guidelines. The following sets out the key components established for our Group's control environment:

2.1 Board and ARC

Our ARC assists our Board in fulfilling the Board's responsibilities with respect to oversight, focusing on the integrity of our Group's financial reporting process, effectiveness of risk management practices, internal control system, external and internal audit processes, compliance with legal and regulatory standards as well as the COBE. Our Group Key Risk Profile is maintained by GRM which is presented and deliberated by Management and ARC.

CA plays an important role in our Board's efforts to ensure risk management processes are adequate and effective. As part of CA's review plan, the GRMF, Key Risk Profile and corresponding risk mitigating plans are validated by CA. Included within this validation process is an assessment of the appropriateness of controls to address identified improvement areas. Our Board and Management inculcate a proactive and sustainable risk management culture by ensuring all employees understand the importance of appropriate risk governance and risk practices with awareness reinforced via mandatory annual online compliance training.

2.2 Management

Management is committed to the identification, monitoring and management of risks associated with business activities. Our Management led by our CEO and CFO and supported by Senior Leadership continuously to assess, review, implement and monitor controls to effectively manage risks within our business.

Senior Leadership works closely with GRM to ensure effective and consistent adoption of risk management practices. Risk champions are appointed by heads of business units to review and update their respective key risk profiles. This periodic exercise include the identification of emerging risks arising from changes to the business environment and outlook, implementation of new initiatives, and evaluation of the effectiveness of existing controls and risk management initiatives. Our Group Key Risk Profile is deliberated upon

by Senior Leadership and facilitated by GRM to ensure the overall risks impacting our Group are adequately identified and managed within an acceptable level of risk. Key strategic risk matters deliberated by Senior Leadership for the financial year include business sustainability risk due to content piracy, forex volatility and consumer sentiments; competition risk resulting from an increasingly competitive landscape; rapid digitalisation and personalised customer experience; security threats and breaches; effective supply chain and cost management to ensure optimal operations for sustainability; and talent management risk in executing business strategies.

2.3 Group Risk Management

GRM is led by our CFO who reports to our ARC and Board on identified key risk profile affecting our Group and the status of the prevention and mitigation action plans to address these. GRM ensures the establishment and maintenance of the GRMF and proactively monitors our Group Key Risk Profile through reviews and assessments reflecting changes to the business and regulatory environment. The GRMF is annually refreshed for effectiveness and applicability. GRM maintains a comprehensive insurance programme for our Group to safeguard our Group's assets against material losses arising from any uncertainties and conducts an annual review during the insurance renewal exercise to ensure relevance and adequacy of the insurance programme in meeting changing business needs and alignment to our Group's risk exposure and appetite.

2.4 Corporate Assurance and External Auditors

The CA and external auditors provide independent assurance on the effectiveness of our Group's risk management practices and control environment. The roles and responsibilities of our CA functions and activities of the external auditors are set out in the ARC Report on pages 87 to 94.

2.5 Regulatory, Intellectual Property Protection & Industry Affairs

In line with the Malaysian Communication and Multimedia Act as well as other laws, rules, regulations, and policies which govern our Group's businesses, the Regulatory team consistently engages with internal and external stakeholders, including the MCMC to preserve a conducive operating environment in compliance with regulatory requirements. The Regulatory team also manages matters relating to our Group's IP, including undertaking proactive measures and providing assistance in enforcement actions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2.6 Legal

The Legal team plays a pivotal role in advising our Board and Management on legal matters to preserve and safeguard our Group's interests from a legal standpoint. Our Board is briefed on material litigations and developments on a quarterly basis.

2.7 Corporate Secretarial

The Corporate Secretarial team provides additional assurance by, inter alia, providing advice to our Board and Management on compliance with company and securities legislations and advocates the adoption of CG best practices. It is also responsible for monitoring compliance with our Board procedures including the list of Board Reserved Matters, advising our Board and our Board Committees on their responsibilities, monitoring any changes in the relevant legislations and the regulatory environment including the Act and the MMLR, and creating awareness of such changes within our Group.

2.8 Revenue Assurance Framework

A Revenue Assurance framework is in place ensuring an independent function performs a consistent and structured review of key revenue categories to identify possible revenue leakage indicators and data discrepancies, as well as propose and implement corrective action plans. The RA team prepares monthly RA dashboards for Senior Leadership on identified Pay-TV and Commerce revenue issues, as well as the extent of identified revenue leakages. The dashboard is also reviewed by the external auditors and CA as part of their annual audit.

2.9 Acquisition Guiding Principles, Procurement Manual and Investment Framework

The investment acquisition and procurement process is governed by the Acquisition Guiding Principles, Procurement Manual and Investment Framework respectively, which are reviewed by the external auditors and CA as part of their annual audit. The Acquisition Guiding Principles serves as a key tool for our Group in ensuring all acquisition activities are conducted in a transparent manner and in the best interests of our Group.

Tender Committees are established to provide governance, guidance and direction on our Group's acquisition strategies. The Tender Committees are aided by the Procurement team in the administration of the tender process and the Company Secretarial team in convening and recording the minutes of the Tender Committees.

2.10 Systems, Data and Information Security

Continuous monitoring and implementation of the latest security controls have been established in order to manage emerging cyber security threats to our Group and safeguard customer data, content, assets, and ensure the operational integrity of business practices within our Group. This includes implementation of relevant security appliances and systems, inculcating security awareness among employees, ensuring compliance to industry security standards of our Group's IT networks and systems such as Information Security Management System ("ISMS") ISO/IEC 27001:2013[1], Payment Card Industry Data Security Standard v3.2 and the Personal Data Protection Act 2010, and benchmarking of our security programmes with industry best practices.

In addition, the AMH Security Council provides strategic oversight of our Group's physical and cyber security management practices to ensure all security threats including content piracy are effectively managed, as well as the continuous enhancement of our ISMS and AMH Security Framework.

2.11 Business Continuity Management Framework

The Business Continuity Management Framework aims to minimise the impact of business disruption through enhancing operational resiliency for an effective response to threats and disruptions. This includes establishing system and operational infrastructure redundancies and alternate sites to minimise service disruptions, as well as minimising financial losses resulting from disruption through business interruption insurance coverage.

Recovery plans are established, reviewed, maintained and tested periodically to ensure effective and timely recovery of services while prioritising staff safety. During FY19, our Group's Business Continuity Planning maintenance activities were successfully conducted, including call tree and walkthrough tests, Business Continuity Planning manual review, as well as crisis simulations for critical systems and operations. The results of the Business Continuity Planning maintenance activities are approved reviewed by heads of business units and submitted to GRM.

2.12 Key Controls Checklist

As part of cultivating an effective internal control environment, the Key Controls Checklist ("KCC") is established to facilitate control self-assessment by the heads of business units to ensure internal controls (comprising both system and manual controls) in place are effective and procedures are complied with. The existing controls are continuously enhanced with

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

learnings from compliance audits and process improvement reviews. The endorsed KCC is subsequently verified by GRM, CA and the external auditors as part of their annual audit to ensure Management's assertions of controls operating effectively are appropriate.

2.13 Limits of Authority

The LOA stipulates the key decision-making and approval authority delegated by our Board to Management for operational efficiency. Any amount in excess of our CEO's delegated LOA requires Board approval. These limits are reviewed regularly and approved by Management and/or our Board in accordance with their respective LOAs, in tandem with changes in business operations, corporate and organisational structure. GRM oversees the LOA framework to ensure the LOA process remains fit-for-purpose and operates effectively.

2.14 Strategic business budgeting and reporting

Our Group is guided by a three-year transformation plan outlining key objectives and strategic priorities which is reviewed annually. This is to ensure consistent revenue performance and optimisation of operating costs for sustainable business growth. Our Group's strategic review of business plans, organisational structure and the corresponding annual budget for FY20 were duly approved by our Board prior to the commencement of the said financial year. On a monthly basis, business KPIs are tracked and provided to our Board. On a quarterly basis, financial and operational reports are provided to our ARC and Board. Our Group releases quarterly unaudited financial results and annual audited financial statements to Bursa Malaysia and the public, including analysts and investors.

2.15 Staff performance system

Our Group's framework is guided by our corporate core values which outlines the knowledge, skills and behaviour expectations of its employees. The human capital team's development plan focuses on upskilling and reskilling employees to drive innovation and digitalisation initiatives, enabling employees to achieve their career paths and building a pipeline of talent for succession planning. In order to drive and sustain a high-performing workforce, employees' performance and achievements are appraised under our Group's Total Performance Management System on an annual basis.

2.16 Code of Business Ethics

The COBE is a key policy which governs the way our Group, through our Board, Management and employees conduct dealings with all stakeholders. It is also designed to reduce, if not eradicate, any corrupt practices and occurrences

of bribery. Our employees are advised not to engage in any fraudulent activities such as bribery and kickbacks. Furthermore, the COBE regulates the acceptance of gifts, complimentary services, entertainment or gratuities with an equivalent value not exceeding RM250. For any amount exceeding RM250, employees are required to declare and report the same to the Director, People & Workplace. Stern disciplinary action will be taken against employees found in breach of the COBE.

All employees are required on an on-going annual compliance online training to ensure they are aware of their responsibilities under our COBE.

2.17 Fraud management and whistleblowing

The Fraud Management Framework provides guidance on establishing a fraud management control environment to enhance integrity and reduce the probability of fraud, as well as to assist employees in decision-making in relation to the identification and reporting of fraud, misconduct and any other non-compliance affecting our Group. The Whistleblowing Policy and Procedures is established for employees to raise their concerns on any suspected violations of our Group's values and principles without the fear of reprisal. Whistleblowers are encouraged to disclose their names to facilitate investigation and to ensure disclosures are made in good faith. Whistleblowers' identities are kept confidential to protect from potential harassment or victimisation at work. The Whistleblower Line is managed by CA who also assumes primary responsibility for the investigation and reporting of Disclosures. All Disclosures received via the Whistleblower Line, investigation findings and recommendations are reported to our ARC and/or CEO on a quarterly basis, or more frequently where necessary.

2.18 Information and Communication

Our Board continuously emphasises communication with all employees in carrying out their internal control responsibilities, in line with the achievement of our Group's business objectives, and has taken the following steps to enable consistent sharing of relevant information.

Our Group has established operating policies and procedures which comply with relevant laws and regulations. These reinforcement contribute towards effective internal control system to mitigate risks. Regular reviews are conducted to ensure risk profiles, policies, and procedures are updated and aligned. New risk management action plans are also established to address emerging risks and incorporate learnings from compliance audits and process improvement reviews. Our Group policies are published and updated on our internal portal for easy access by employees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2.19 Monitoring and reporting activities

The following monitoring and reporting activities were undertaken in providing assurance on the effectiveness of risk management and internal control systems which include:

<p>» Management Representation made to our Board by the our CEO and CFO in relation to the adequacy of our Group’s risk management and internal control systems in all material aspects. Any exceptions identified during the assessment period are highlighted to our Board.</p>	<p>» Our ARC reviews the process and compliance exceptions identified by CA and external auditors on a quarterly basis. The implementation of recommendations from both parties are tracked and reported to the ARC quarterly.</p>	<p>» The Disciplinary Committee chaired by the Director, People & Workplace meets as necessary on matters pertaining to Senior Leadership misconduct. The Disciplinary Committee ensures all concerns and allegations raised are duly investigated, monitored and consistently deliberated. Other disciplinary cases are managed by our Industrial Relations team reporting to the Director, People & Workplace. The procedures are periodically reviewed and updated.</p>	<p>» GRM reports to our Board through our ARC on our Group Key Risk Profile that incorporates the preventive and mitigation strategies.</p>
---	--	--	---

Management has taken the necessary actions to remedy weaknesses identified for FY19. Our Board and Senior Leadership continuously assess the effectiveness of monitoring activities and take necessary measures to strengthen our risk management and internal control environment.

Conclusion

Our Board is of the view that the risk management, governance and internal control practices and processes which have been adopted for the year under review and up to the date of issuance of financial statements are sound and adequate to safeguard the interests of shareholders, employees and our Group’s assets. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of our Group’s internal controls that would require separate disclosures in this Integrated Annual Report.

Our Board has also obtained reasonable assurance from our CEO and CFO that our Group’s risk management and internal control systems are operating adequately and effectively.

Review of the statement by External Auditor

As required by paragraph 15.23 of the MMLR, our external auditors, PwC has reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (“AAPG”) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of our Group.

Based on the procedures performed, nothing had come to their attention that caused the external auditors to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was it factually inaccurate.