

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2009

The Board of Directors (“the **Board**”) of ASTI Holdings Limited (“the **ASTI**” or “the **Company**”) is committed to maintaining the highest standards of corporate governance and transparency within and throughout the Company and its subsidiaries (collectively, “the **Group**”) even as it expands its business sizeably and regionally. The Board views the adherence of such corporate governance practices as key to discharging its duties to protect and enhance shareholder value and the financial performance of the Group.

This report describes the corporate governance practices of the Group with specific references to the principles and guidelines set out in the Code of Corporate Governance 2005 (“**CCG**” or “the **Code**”). In areas where the Company deviates from the Code, the rationale is provided.

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

ASTI has an effective Board to lead and control the Company. The Board is responsible for the success of the Company and is accountable to the shareholders while the Management is accountable to the Board.

The Board endeavours to provide shareholders with balanced and understandable assessments of the Company’s performance, financial position and prospects on a quarterly basis. This responsibility extends to the provision of interim and other price sensitive public reports including those to regulators (if and whenever required).

The principal functions of the Board are to:

- set values and standards of the Company and ensure that obligations to shareholders are understood;
- provide entrepreneurial leadership, approve the strategic and financial objectives of the Company;
- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls;
- review the performance of Management, approve the nominations to the Board of Directors and the appointments of key personnel, as may be recommended by the Nominating Committee;
- approve annual budgets, major funding proposals, investment and divestment proposals of the Company;
- review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee; and
- assume responsibility for corporate governance framework of the Company.

The Company has adopted internal guidelines setting forth matters which are specifically reserved for Board decisions. Examples of such matters include:

- approval of interim financial results announcements;
- approval of annual financial results and accounts;
- issue of shares;
- declaration of interim or final dividends and other distributions to shareholders;
- convening of shareholders’ meetings;
- approval of corporate strategies;
- approval of interested persons transactions (including, inter alia, conflict of interest issues relating to substantial shareholders of ASTI and/or Directors);
- corporate or financial restructuring; and
- authorisation or approval of merger and acquisition transactions.

Typically, any transactions that are significant relative to the financial position of the Group would require Board’s approval.

Regular meetings of the Board and of the other committees established by the Board are convened, and the number of meetings and attendance by the respective Members are set out in the table on page 3 of this report. The Company’s Articles of Association allows for telephone, videoconference and other forms of electronic or instantaneous communication by members for such meetings if they cannot be personally present.

The Company will put all new Directors through an orientation programme to update them with all information necessary or desirable for the Director to understand its businesses and governance practices. Depending on the need, new Directors may be put through house sessions to acquaint them on Directors’ duties and compliance with the relevant bodies of law in the performance of their duties. On an on-going basis, the Company will provide further information and updates on the Group and its business to the Board members, including any changes in legislation or regulations that may impact the Company’s conduct

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of its business or affect the Directors in discharging their duties to the Company. Additional training will be provided, as and when necessary, to the Directors.

Principle 2: Board Composition and Balance

ASTI has an effective Board to lead, steer and control the Company. The Board presently comprises seven Directors, three of whom are Independent Directors and four are Executive Directors. There is therefore a strong independent element on the Board, as more than one-third of the Board now comprises of Independent Directors.

ASTI takes great pride in the composition of its Board of Directors, who as a group, provides core competencies including that of accounting, finance, business development and management, relevant industry knowledge, strategic planning and customer-based experience and knowledge. The profiles of each of our Directors are set out on pages 10 and 11 of the annual report. The Board is therefore well placed to lead providing entrepreneurial and strategic leadership, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.

Non-executive Directors are encouraged to constructively challenge and help to develop business proposals tabled by Management. They also monitor and review the performance of Management in meeting agreed goals and objectives. To facilitate a more effective check on Management, Non-executive Directors are encouraged to meet regularly without the presence of management executives.

The Board is of the view that its current size and composition are appropriate, after taking into account the nature and scope of the Company's operations, and its near-term business plans.

Principle 3: Chairman and Group Chief Executive Officer ("Group CEO")

The Board applies the principle of clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company's business are separated to ensure a balance of power and authority. No one individual Director represents a considerable concentration of power.

The roles of the Chairman and Group CEO in the Company are vested in different persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making even amongst Executive Directors. The division of responsibilities is distinct even as both are Executive Directors of the Company. The Chairman provides input on broad strategic directions for the Company but leaves the daily running of the business to the Group CEO although he bears responsibility for the workings of the Board ensuring its effectiveness in all aspects of its role. The Chairman and the Group CEO are not related.

The Chairman manages the business of the Board and the Board committees and ensures that procedures are introduced from time to time in accordance with the Code. He ensures that Board meetings are held as and when it is necessary and sets the Board meeting agenda in consultation with the Group CEO. The Chairman reviews the board papers before they are presented at Board meetings and ensures that Board members are provided with complete, adequate and timely information from the Management including access to quality legal advisory. As a general rule, board papers are sent to Directors well in advance for Directors to review and be adequately prepared for the meeting. Management staffs who have prepared the information, or who can provide additional insight into the matters to be discussed, are invited to carry out presentations or attend the Board meeting as appropriate at the relevant time.

The Board has a Lead Independent Director, in accordance with recommendations under the Code, to provide a channel for shareholders to raise any issue of concern for which communication through the Chairman and Group CEO may not be appropriate in some circumstances.

Principle 4: Board Membership

Board and Committee Appointments

The Nominating Committee ("the NC") makes recommendations to the Board on all Board appointments. The majority of the members of the NC, including the Chairman, are independent. The NC Chairman is not a substantial shareholder nor is he directly associated¹ with any substantial shareholder of the Company.

¹ A director will be considered 'directly associated' to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

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The nature of the Directors' appointments on the Board and details of their membership on the Board Committees are set out below:

Board and Committee Membership

Directors	Board Membership	Committee Membership		
		Audit	Remuneration	Nominating
Dato' Michael Loh Soon Gnee	Executive	N.A.	N.A.	N.A.
Charles Cher Lew Siang	Executive	N.A.	N.A.	N.A.
Mandie Chong Man Sui	Executive	N.A.	N.A.	N.A.
Timothy Lim Boon Liat	Executive	N.A.	N.A.	Member
Fong Wai Leong	Lead Independent	Chairman	Chairman	Member
Dato' Tajul Urus Bin Hj. Mat Zain	Independent	Member	Member	Chairman
Steven Ong Thai Ah	Independent	Member	Member	N.A.

The Board meets at least 4 times each year and as when warranted by particular circumstances, as deemed appropriate by the Board. The Company's Articles of Association provide for teleconference and videoconference meetings. As a general rule, materials for Board meetings are sent to the Directors in advance in order for the Directors to be adequately prepared for the meetings.

The frequency of the meetings of the Board and its various Committees and the attendance by the Directors are set out as follows below:

Attendance at Board and Committee Meetings

	Board Meeting	Audit Committee	Remuneration Committee	Nominating Committee
Number of Meetings	4	4	1	1
Directors				
Dato' Michael Loh Soon Gnee	4	N.A.	N.A.	N.A.
Charles Cher Lew Siang	4	N.A.	N.A.	N.A.
Mandie Chong Man Sui	4	N.A.	N.A.	N.A.
Timothy Lim Boon Liat	4	N.A.	N.A.	1
Fong Wai Leong	4	4	1	1
Dato' Tajul Urus Bin Hj. Mat Zain	2	2	1	1
Steven Ong Thai Ah	3	4	1	N.A.

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Retirement and Re-election of Directors

As a matter of good corporate governance, the Company's Articles of Association provides that at least one-third of the Directors for the time being retire from office by rotation and submit themselves for re-election by the shareholders at each Annual General Meeting ("the **AGM**"). Directors to retire shall be those who have been in office longest or have been in office for the last three years since their last election². In ASTI, even the Group Chief Executive Officer retires by rotation and submits himself for re-election on a regular basis.

The functions of the NC include making recommendations to the Board on all Board appointments, the re-nomination of retiring Directors. In recommending to the Board any re-nomination and re-election of existing Directors, the NC takes into consideration the Directors' contribution and performance at Board and Committee meetings, including attendance, commitment of time, preparedness, participation and candour.

The academic and professional qualifications of the Directors are set out in the Directors' profile on pages 10 and 11 of the annual report. The shareholding of each Director is set out in the Directors' Report under the Section "Directors of the Company" on page 1 in the Directors' Report in Appendix 2 of this annual report.

The dates of initial appointments and last re-election of the Directors are set out below:

Directors	Designation	Date of Initial Appointment	Date of Last Re-election
Dato' Michael Loh Soon Gnee	Executive Chairman	23 Oct 2003	24 Apr 2008
Charles Cher Lew Siang	Group Chief Executive Officer	27 Mar 1999	30 Apr 2009
Mandie Chong Man Sui	Executive Director	16 Jan 2004	30 Apr 2009
Timothy Lim Boon Liat	Executive Director	16 Jan 2004	24 Apr 2008
Fong Wai Leong	Lead Independent Director	16 Jan 2004	30 Apr 2009
Dato' Tajul Urus Bin Hj. Mat Zain	Independent Director	18 Jan 2005	24 Apr 2007
Steven Ong Thai Ah	Independent Director	02 July 2008	24 April 2008

Having considered the effectiveness and contributions of each of the Director, the NC nominates and recommends the following Directors to retire by rotation and to stand for re-election at the Company's forthcoming AGM:

Dato' Michael Loh Soon Gnee	Executive Chairman
Ong Thai Ah	Independent Director
Charles Cher Lew Siang	Group Chief Executive Officer

Charles Cher Lew Siang has offered to stand for re-election although he is not required to under Article 98 of Articles of Association of the Company.

Confirmation of Independence of Directors

The NC is also responsible for determining annually the independence of Directors. In its annual review for FY2009, the NC, having considered the guidelines set out in the Code, has confirmed the status of the following Non-executive Directors:

Fong Wai Leong	Lead Independent
Dato' Tajul Urus Bin Hj. Mat Zain	Independent
Steven Ong Thai Ah	Independent

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.

If ever required, the search and nomination process for new Directors, if any, will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate.

² Art 98 of Company's Articles of Association provides that the directorship of the Chief Executive Officer is not subject to retirement by rotation while he continues to hold that office and shall not be taken into account in determining the rotation of Directors.

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Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his performance or re-nomination as Director.

Principle 5: Board Performance

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

All the Directors have make an assessment of the effectiveness of the Board as a whole. There is also a system of peer assessment of each Director by their fellow Directors. These peer assessments are collated by the NC and are taken into account when the NC assesses and makes recommendation to the Board as to whether the retiring Directors are suitable for re-election/re-appointment in consultation with the Chairman and Group CEO. In making this assessment the NC also takes into account the level of participation and contribution of each Director towards the Board's effectiveness and competencies.

Principle 6: Access to Information

The Board oversees the management of the business affairs and operations of the Group and establishes from time to time, strategies and financial initiatives implemented by Management. Management has provided the Board with adequate information in a timely manner for the Board to discharge their obligations. Such information includes background or explanatory information relating to matters brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. The Board also duly monitors Management's performance.

The appointment of Company Secretary and any change thereof is a matter for the Board's decision. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board procedures are followed and compliance with applicable rules and regulations including the Companies Act (Cap 50) and the Singapore Exchange Listing Manual. The Company Secretary under the direction of the Chairman also ensures good information flows within the Board and its Committees and between senior management and non-executive. The Company Secretary is also invited to attend all Board meetings.

In carrying out their obligations as Directors of the Company, access to independent professional advice is, if necessary, available to all Directors, either individually or as a group, at the expense of the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Board has set up a Remuneration Committee ("the RC") comprising three members, all of whom, including the Chairman, are Independent Directors (see Board Membership at page 3 of this report). No Director is involved in deciding his own remuneration.

The RC's principal responsibilities are to:

- recommend to the Board base salary levels, benefits and incentive programs, and identify components of salary which can best be used to focus management staff on achieving corporate objectives;
- approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
- review, on an annual basis, the specific compensation packages of the Company's Directors and the Group CEO; and
- administer the ASTI Share Option Scheme 2001 (ASOS) in accordance to its Rules.

The RC reviews subsequent awards of share options under the ASOS to all Executive Directors. There are appropriate and meaningful measures in place for the purpose of assessing the performances of Executive Directors and senior management staff.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate Executive Directors, and to align their interests with those of shareholders, linking rewards to corporate and individual performance.

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In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the group's relative performance and the performance of individual Directors;
- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes);
- reviews the terms, conditions and remuneration of Executive Directors, and ensures that their total remuneration package have a significant portion of performance-related elements.

Non-executive Directors have no service contracts with the Company and their terms are specified in the Articles of Association. Non-executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The fee payment takes into account factors such as effort and time spent, and responsibilities undertaken and their contributions to the Board. The fees paid to the Company's Non-executive Directors are also benchmarked against Non-executive Directors' fees paid by companies in the same industry and with similar scale of operation. The RC is of the view that the Company's Non-executive Directors are not over-compensated to the extent that their independence may be compromised. Such fees are subject to the approval of the shareholders as a lump sum at the AGM.

The Executive Directors have fixed-term service contracts with the Company that is not excessively long, and they do not contain onerous removal clauses. Notice periods in any service contracts are typically set at period of six months or less.

Executive Directors (except those who are also substantial shareholders) are eligible to participate in the ASOS. The RC will review and approve the quantity of share options to be granted based on pre-determined performance criteria. The options are exercisable up to a ten-year period including a vesting period of least 1 year. Executive Directors are encouraged to hold their shares beyond the vesting period, subject to the individual's need to finance the costs of acquisition and associated tax liability.

The remuneration policy for staff adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary.

The ASOS, administered by the RC, may when appropriate, form another element in the variable component of the pay packages of all employees. Information on employee share option scheme such as size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding and vesting period of options are found in Note 20 to the Financial Statements in Appendix 2 of this annual report. Subject to such adjustment as may be made pursuant to the ASOS, the total number of shares in respect of which the Company may grant options shall at no time exceed fifteen per cent. (15%) of the total issued share capital of the Company for the time being. The amount of share options, which may be granted to each employee, depends on the grade of the employee, subject to the approval of the RC.

Typically, the subscription price payable upon the exercise of a share option shall be equal to the average of the last transacted prices of the shares for the three consecutive market days on which dealings in the shares took place on the SGX-ST immediately preceding the date of grant. The Company accounts for the fair value of share options for financial reporting purposes. The Company may also grant the share option at a discount to Directors or executives or staff of the Company who had made significant contributions based on performance and contributions, endorsed and approved by the RC.

There were no share option granted by the Company for the financial year ended 31 December 2009. There is no participation of the share option scheme by the Company's controlling shareholders and their associates.

The RC and the Board have collectively endorsed the Company's remuneration policy.

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Principle 9: Disclosure on Remuneration

Remuneration of Directors for the Year Ended 31 December 2009

Remuneration Band	Directors	Fees (%)	Fixed Salary (%)	Bonus & Management Incentive (%)	Share-Based Compensation (%)	Benefits & Allowance (%)	Total (%)
\$500,000 and above	Dato' Michael Loh Soon Gnee	1%	79%	2%	N.A.	18%	100%
	Charles Cher Lew Siang	1%	76%	N.A.	19%	4%	100%
\$250,000 to below \$500,000	Timothy Lim Boon Liat	5%	74%	6%	N.A.	15%	100%
	Mandie Chong Man Sui	5%	86%	7%	N.A.	2%	100%
Below \$250,000	Fong Wai Leong	100%	N.A.	N.A.	N.A.	N.A.	100%
	Dato' Tajul Urus Bin Hj. Mat Zain	100%	N.A.	N.A.	N.A.	N.A.	100%
	Steven Ong Thai Ah	100%	N.A.	N.A.	N.A.	N.A.	100%

The breakdown of the remuneration of the top 5 key executives of the Group are not disclosed in this annual report to avoid possible poaching of the Group's executives.

There are no employees who are immediate family members of a Director or the Group CEO, and whose remuneration exceeds S\$150,000 during the financial year ended 31 December 2009.

Disclosure of Share Options of Directors under ASOS for FY2009

Directors	Options Granted since start of Scheme till end of FY2009	Options Granted in FY2009	Options Outstanding as at 31 Dec 2009
Dato' Michael Loh Soon Gnee	N.A.	N.A.	N.A.
Charles Cher Lew Siang	10,600,000	-	9,800,000
Mandie Chong Man Sui	200,000	-	-
Fong Wai Leong	200,000	-	-
Timothy Lim Boon Liat	300,000	-	-
Dato' Tajul Urus Bin Hj. Mat Zain	-	-	-
Steven Ong Thai Ah	-	-	-

Shareholders' approval was previously obtained for the implementation of the Scheme in 2001.

Directors' fees are also approved by shareholders at every AGM of the Company. The remuneration of the Executive Directors are approved by the RC and endorsed by the Board.

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ACCOUNTABILITY AND AUDIT

Principle 10: Accountability and Audit

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects. Management provides members of the Board, monthly management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects.

Principle 11: Audit Committee ("the AC")

The AC comprises three members. All of which, including the Chairman are Non-executive and Independent Directors.

The members of the AC have experience in managerial positions across the accounting, banking, audit and finance industries (see Directors' profile on pages 10 and 11 of the annual report). The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC has the explicit power to conduct or authorise investigations into any matters within its terms of reference, has full access to and co-operation by Management. It has full discretion and prerogative to invite any Director or Executive Officer to attend its meetings. All resources that would enable the AC to discharge its duties effectively and expeditiously are made available to the AC.

The AC performs the following functions in accordance with section 201B(5) of the Companies Act, Cap 50:

1. reviews with the external auditors, their audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;
2. reviews with the internal auditors at least annually, the adequacy of the internal audit procedures and their evaluation of the effectiveness of the overall internal control systems, including financial, operational and compliance controls and risk management;
3. reviews the internal audit function to ensure that it is adequately resourced and has appropriate standing within the Group;
4. reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Company and that of any formal announcement made quarterly or annually relating to the Company's financial performance including announcements to shareholders and the SGX-ST prior to the submission to the Board;
5. reviews any significant findings of internal investigations;
6. makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
7. reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditor;
8. reviews the assistance given by the Company's officers to the external and internal auditors;
9. reviews and monitors interested person transactions, if any, arising and to ensure that internal control procedures approved by shareholders are adhered to in relation to such transaction;
10. reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate; and
11. conducts an annual review of the independence and objectivity of the Company's external auditors, including the volume of non-audit services supplied by the external auditors, to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors before confirming their re-nomination.

The AC held 4 meetings during the year at the Company's principal place of business, attendance of which is detailed on page 3 of this report.

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The AC met with the auditors 2 times in FY2009. Parts of the meetings were conducted without the presence of Management. Reports of the findings and recommendations by external auditors are done independently to ensure an effective environment of control and regulation within the Group.

Each member of the AC abstains from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested.

The Company's external auditors, Ernst and Young ("**E&Y**"), carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls focusing primarily on financial controls, to the extent set out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations to address such non-compliance and weaknesses, are reported to the AC. The Management, with the assistance of the Internal Auditor, follows up on the auditor's recommendations as part of its role in the review of the Company's internal control systems. The Board is satisfied that the Company's internal controls are at present adequate.

The AC has reviewed the independence of E&Y taking into account the volume of non-audit services supplied by them and is satisfied that the provision of such services did not affect their position as independent external auditor.

The Company has since September 2007 implemented a whistle blowing policy that is intended to provide well-defined and accessible channels through which any employee may raise any concerns they may have about improper conduct or malpractices within the Group. Any concerns may be raised, either anonymously or otherwise, directly to the Lead Independent Director and the identity of the person raising the concern is strictly protected to the extent practicable in law. The Lead Independent Director has direct oversight in the administering of the policy with the assistance of General Counsel of the Group.

Principle 12: Internal Controls

The Company has put in place internal controls systems to manage its significant business risks, so as to safeguard shareholders' investments and the Company's assets.

A crucial function served by the AC is the regulation of risks undertaken or faced by the Group. The AC may examine whichever aspects it deems appropriate of the Group's financial affairs, audits and its exposure to risks of a regulatory or legal nature.

The AC keeps under review the efficacy of the Group's system of accounting and internal financial controls. Also kept under constant review is the Company's system of ensuring compliance with legal, operational and regulatory matters, including risk management, amongst others.

The AC, with the assistance of the internal and external auditors, have reviewed, and the Board of Directors is satisfied with, the adequacy of ASTI's material internal controls, including financial, operational and compliance controls, and risk management systems.

Risk Management and IPTs

An assessment of the significant risks areas relevant to the Company's businesses and operations and compliance requirements have been carried out and are identified as follows:

Reliance on the Semiconductor Industry

The Group's products and services are employed in the production of semiconductors. A significant portion of the Company's revenues is directly or indirectly related to the capital expenditures of manufacturers in the semiconductor and electronic assembly industries. These industries may be subject to significant fluctuations as a consequence of general economic conditions and industry cycles. Capital expenditures for products such as the Group's are directly affected as a result of these fluctuations. The Group operates in a cyclical industry and its fluctuations are likely to have an adverse effect on the Group's business, financial condition and results of operations.

Technological Changes

The market for the Group is characterised by rapidly changing technology. The Group's future success will depend upon its ability to develop and introduce new products on a timely and cost-effective basis to meet customers' requirements and address technological developments. Successful product developments and introduction include identification of new product requirements and opportunities, the retention and hiring of appropriate research and development personnel, the definition of a product's technical specifications, the successful completion of the development process and the successful marketing of a product.

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Foreign Exchange Risk

The Group is exposed to various common financial risks arising in the normal course of business. A significant portion of the Group's revenue is denominated in the United States dollar. Operating expenses and wages are made mainly in local currency. Hence, exchange rate movements in the United States dollar and the Singapore dollar (the Company's reporting currency), amongst others, expose the Group to foreign currency risk. The Group mitigate its foreign exchange exposure risk by utilising its facilities from banks.

Dealings in the Company's Securities

The Company has devised and adopted an internal compliance code (the "Internal Code") to provide guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. The Internal Code also adopts the best practices on dealings in securities as provided in Rule 1207(18) of the SGX Listing Manual.

Interested Person Transactions

The risks associated with interested person transactions relates not only to compliance issues but also the prevention of transactions being carried out on terms that are less than favourable and not at arms length.

There are no interested person transactions of a recurring nature during the financial year.

The AC will continue to review and monitor any interested person transactions that may arise and ensures that the Company seeks appropriate approvals, makes appropriate announcements or disclosures on these transactions in accordance with Chapter 9 of the SGX Listing Manual.

Principle 13: Internal Audit

The internal audit function was outsourced to KPMG Risk Advisory Services ("the Internal Auditor") in FY2009. The Internal Auditor is independent of the activities it audits.

The Internal Auditor reports directly on audit matters to the Chairman of the AC. The Internal Auditor assists the AC in monitoring and assessing the effectiveness of the Group's material internal controls. The Internal Auditor also assists Management in identifying operational and business risks and provides recommendations to address those risks.

The AC ensures that the internal audit function is adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on a quarterly basis the effectiveness of the Internal Auditor by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Company, qualifications and training, relationship with the external auditor, and its independence of the areas reviewed. The AC is of the view that Internal Auditor is adequately resourced and has appropriate standing within the Group.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, Effective and Fair Communication with Shareholders

The Company engages in regular, effective and fair communication with shareholders. Regular dialogues are held with investors, securities analysts, fund managers and the press.

On a regular and timely basis, the Company disseminate material information simultaneously through news and press releases via SGXNET and electronic mail to securities analysts, shareholders, and the media. The Company also posts these press releases on its public website, www.astigp.com, to ensure that all shareholders and the public gain fair access to information, updates and the archives of the Company. The website also provides a channel for shareholders to raise any concerns or issues, if any.

Information is always communicated to shareholders on a timely and fair basis. Where inadvertent disclosure has been made to a select group, the Company has made the same disclosure publicly to all others as soon as practicable.

Principle 15: Shareholder Participation at AGMs

The Company routinely invites the media, securities analysts, fund managers or shareholders to its general meetings, or briefings that follow major announcements and events, such as earnings releases and trade exhibitions.

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Shareholders are informed of shareholders' meetings through timely and formal notices published in the newspapers. All relevant reports and/or circulars sent to all shareholders early so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions, and to communicate their views on issues which affect the Company, at general meetings and to vote in absentia. Every shareholder is entitled to appoint two proxies to attend the general meeting and vote in his stead.

The Articles of Association of the Company does not impose a limit on the number of proxies a nominee companies can appoint so that shareholders who hold shares through nominees can attend general meetings as proxies if they so desire; provided the member name is certified by the Depository (Nominee Company) to the Company as appearing on the Depository Register not earlier than 48 hours before the general meeting as a Depositor on whose behalf the Depository holds shares in the Company.

The Company's external auditor, chairpersons of the AC and the RC are present at AGMs to assist the Board of Directors and Management to address any questions shareholders may have regarding the Company's conduct of its businesses.

At general meetings, each substantially separate issue is dealt with in separate resolutions and avoids bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

Whenever possible and appropriate, the Company fulfils requests from securities analysts, stockbrokers, dealers, fund managers and journalists for telephone and face-to-face interviews and meetings with Management.