

**ASAT HOLDINGS LIMITED**

**CHARTER FOR THE  
COMPENSATION COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(As adopted by the Board of Directors on October 13, 2005)

**PURPOSE:**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of ASAT Holdings Limited (the “Company”) is to: (i) discharge the Board’s responsibilities relating to compensation of the Company’s directors and senior management, (ii) review and recommend to the Board compensation plans, policies and benefit programs, as well as approve individual senior management compensation, and (iii) approve the report on directors and senior management compensation required to be included in the Company’s Annual Report on Form 20-F.

The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other duties as the Board may from time to time prescribe.

**STATEMENT OF PHILOSOPHY:**

The Company’s philosophy in setting its compensation policies for senior management is to maximize shareholder value over time. The Committee sets the Company’s compensation policies applicable to the senior management, including the Chief Executive Officer, and such other officers of the Company as directed by the Board, and evaluates the performance of such officers. The Committee strongly believes that executive cash compensation should be competitive and that long-term compensation should be directly linked to continuous improvement in corporate performance and increases in shareholder value. In this regard, the Committee has adopted the following guidelines for compensation decisions:

- Provide a competitive total compensation package that enables the Company to attract and retain key executive talent;
- Align all pay programs with the Company’s annual and long-term business strategies and objectives; and
- Provide variable compensation opportunities that are directly linked to the performance of the Company, to individual contribution and that link executive reward to shareholder return.

The Committee focuses primarily on the following three components in forming the total compensation package for its senior management and such other officers of the Company as directed by the Board:

- Base Salary;
- Annual Incentive Bonus; and
- Long-Term Incentives.

#### **MEMBERSHIP AND ORGANIZATION:**

The Committee shall be comprised of at least three (3) members of the Board, all of whom shall satisfy the definition of “independent” under the listing standards of the Nasdaq Stock Market or other applicable stock exchange and applicable United States federal law. The members of the Committee shall be appointed by and serve at the discretion of the Board. A Chairperson may be designated by the Board. In the absence of such designation, the members of the Committee may designate the Chairperson by majority vote of the full Committee membership.

#### **RESPONSIBILITIES AND AUTHORITY:**

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances and to the extent permitted by applicable law or stock exchange listing standards. The responsibilities of the Committee shall include:

1. Reviewing and setting the compensation for the Chief Executive Officer and the directors of the Company;
2. Reviewing and setting the compensation packages for all other senior management and such other officers of the Company as directed by the Board;
3. Reviewing and approving all forms of compensation (including all “plan” compensation, as such term is defined in Item 402(a)(7) of Regulation S-K promulgated by the Securities and Exchange Commission, and all non-plan compensation) to be provided to the senior management of the Company and such other officers of the Company as directed by the Board;
4. Reviewing and approving severance arrangements for the Chief Executive Officer and other senior management of the Company, including change-in-control provisions, plans or agreements and, to the extent that any such agreements are entered into, employment agreements;
5. Reviewing and making recommendations to the Board regarding general compensation goals and guidelines for the Company’s employees and the criteria by which bonuses to the Company’s employees are determined;

6. Administering the Company's stock option or other equity-based plans, including the granting of any stock options or stock purchase rights to senior management, the review and grant of stock options and stock purchase rights to eligible employees under the Company's existing stock plans. In its administration of the plans, the Committee may, pursuant to authority delegated by the Board (i) grant stock options or stock purchase rights to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934, as amended, in compliance with Rule 16b-3 promulgated thereunder), and (ii) amend such stock options or stock purchase rights. The Committee shall also make recommendations to the Board with respect to amendments to the plans and changes in the number of shares reserved for issuance thereunder;
7. Reviewing and making recommendations to the Board concerning the adoption, implementation, operation, administration, amendment and termination of management bonus plans and other Company-wide short-term cash incentive plans, including: adopting plans, selecting participants, setting of target performance levels and granting payments thereunder;
8. Reviewing and administering Company-wide employee benefit plans, including: 401(k) retirement plans, medical and dental plans, life insurance plans, and any other benefit plans which are qualified under and/or regulated by the Internal Revenue Code. In its administration of the plans, the Committee may exercise full powers of the Board concerning the adoption, implementation, operation, amendment and termination of the plans. The Committee may delegate its power, authority and rights with respect to any such plans as it may deem appropriate to one or more employees or committees of employees to facilitate the efficient administration of such plans;
9. Reviewing and making recommendations to the Board regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company;
10. Reviewing and approving the report of the Committee on director and senior management compensation to be included in the Company's Annual Report on Form 20-F;
11. Authorizing the repurchase of shares from terminated employees pursuant to applicable law;
12. Reviewing and approving all major compensation or benefit programs involving the Company's equity and compensation or benefit commitments that extend beyond one year, including pension and profit-sharing plans;
13. Reviewing and approving the terms of all employee loans and any subsequent revisions of such loans, including any forgiveness of any portion of the principal or accumulated interest for said loans;

14. Reviewing and approving all Company sponsored or granted gifts to Company employees above a minimum threshold value as such thresholds may from time-to-time be established by the Committee; and
15. Exercising such other authority and responsibility as the Board may from time-to-time assign to it.

The Committee shall not be required to address each responsibility set forth above at each meeting of the Committee, but rather shall take such actions at such times as are reasonably necessary to carry out the responsibilities set forth herein.

#### **MEETINGS:**

The Committee will meet from time to time as necessary or appropriate to fulfill its responsibilities under this Charter, but not less than annually. The Committee may establish its own schedule, which it will provide to the Board in advance. The Committee may meet either in person or telephonically, and at such times and places as the Committee determines. The majority of the Committee shall be present to constitute a quorum for the transaction of the Company's business.

#### **OUTSIDE ADVISORS:**

The Committee shall have the authority to retain, at the expense of the Company, and meet privately with such independent advisors, compensation and benefits consultants, counsel and other experts or advisers as it determines is appropriate to assist in the full performance of its functions, including sole authority to retain and terminate any compensation consultant used to assist the Committee in the evaluation of compensation of directors, the Chief Executive Officer or other officers of the Company, and to approve the consultant's fees and other retention terms.

#### **MINUTES:**

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **REPORTS:**

The Committee will provide written reports to the Board regarding recommendations of the Committee submitted to the Board for action.

#### **COMPENSATION:**

Members of the Committee shall receive such fees, if any, for their service as members of the Committee as may be determined by the Board in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board.

## **CONFLICTS:**

In the event that any conflict arises among the provisions of this Charter and the requirements of Cayman Islands law (“Cayman Law”), or the provisions of the Amended and Restated Articles of Association, as amended, of the Company (such articles, as amended from time to time, the “Articles of Association”), then, to the extent of such a conflict, Cayman law shall govern, provided that to the extent there is such a conflict with the provisions of the Articles of Association but not the requirements of Cayman law, then the applicable provisions of the Articles of Association shall govern, unless such provisions conflict with the requirements of Cayman law, in which case the requirements of Cayman law shall govern to the extent of such conflict with the provisions of the Articles of Association, and this Charter is deemed to be amended to incorporate the provisions of such applicable requirements of Cayman law or Articles of Association as the case may be.