

## **ASAT HOLDINGS LIMITED**

### **CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

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

#### **PURPOSE:**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of ASAT Holdings Limited (the “Company”) is to:

- Provide oversight and monitoring of Company management and the independent auditors and their activities with respect to the Company’s financial reporting process;
- Provide the Company’s Board with the results of its monitoring and recommendations derived therefrom;
- Select the independent auditors to audit the Company’s financial statements and, where appropriate, to nominate such independent auditors for approval by the shareholders of the Company; and
- Provide to the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

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.

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

The Committee shall be comprised of at least three (3) members of the Board and 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. The members of the Committee will meet the following criteria:

- Each member will be an independent director, in accordance with the applicable rules of the Nasdaq Stock Market (“Nasdaq”) or other applicable stock exchange and United States federal law, including the Securities and Exchange Commission (“SEC”);

- Each member shall be able to read and understand fundamental financial statements applicable to the Company, at the time of their appointment, in accordance with the applicable rules of Nasdaq and United States federal laws;
- At least one member shall be, in the judgment of the Board, an Audit Committee Financial Expert, in accordance with the applicable rules of the SEC and at least one member shall have accounting or related financial management expertise in accordance with the applicable rules of Nasdaq; and
- No member may have participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries at any time during the past three years.

### **RESPONSIBILITIES AND AUTHORITY:**

The following shall be the principal recurring processes and duties 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. Providing oversight and monitoring of Company management and the independent auditors and their activities with respect to the Company's financial reporting process;
2. Reviewing with management on a continuing basis significant accounting policies and practices, disclosure controls and procedures, information security policies and the adequacy of the Company's system of internal controls, including any significant deficiencies or other matters reported to the Committee by management or the independent auditors;
3. Direct responsibility for appointing, evaluating, compensating and overseeing the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting), including determining whether to retain or, if appropriate, terminate the independent auditors and recommending the independent auditors for approval by the shareholders, if appropriate;
4. Reviewing the independent auditors' proposed audit scope, approach and independence;
5. Reviewing and pre-approving all audit and non-audit services provided to the Company by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible) and the fees related to these services, including monitoring the usage and fees paid to the independent auditors;
6. Reviewing the performance of the independent auditors, who shall report directly to the Committee;

7. Requesting from the independent auditors a formal written statement delineating all relationships between the auditor and the Company, consistent with Independent Standards Board Standard No. 1, and engaging in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
8. Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors;
9. Directing the Company's independent auditors to review, before its filing with the SEC, the Company's unaudited interim financial statements included in reports on Form 6-K, using professional standards and procedures for conducting such reviews;
10. Discussing with the Company's independent auditors the matters required to be discussed by Statement on Accounting Standard No. 61 and Statement on Accounting Standard No. 71, as modified or supplemented;
11. Reviewing with management and the auditors, before release, the audited financial statements and Management's Discussion and Analysis in the Company's Annual Report on Form 20-F and the unaudited interim financial statements and Management's Discussion and Analysis in the Company's reports on Form 6-K (management may facilitate the communication between the Committee and the auditors) including:
  - (i) the results of the independent auditors' audit and the independent auditors' opinion on the annual financial statements;
  - (ii) the independent auditors' judgments on the quality, not just the acceptability, and consistent application of the Company's accounting principles, the reasonableness of significant judgments, clarity of disclosures and underlying estimates in the financial statements;
  - (iii) changes in accounting principles or application thereof, significant judgment areas, and significant and complex transactions;
  - (iv) the effectiveness, adequacy, overall scope, qualifications, resources, activities, organizational structure and effectiveness of the Company's internal auditing; and
  - (v) any disagreements between management and the independent auditors about matters that individually or in the aggregate could be significant to the Company's financial statements or the independent auditors' report, and any serious difficulties the independent auditors encountered in dealing with management related to the performance of the audit and management's response;
12. Reviewing with management, before release, the Company's earnings releases and financial information and earnings guidance provided to analysts;

13. Reviewing management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act;
14. Providing oversight and review at least annually of the Company's risk management policies, including an annual review of its investment policies;
15. Reviewing and assessing, in conjunction with counsel, risks facing the Company and management's approach to addressing these risks, including significant risks or exposures relating to litigation and other proceedings and regulatory matters that may have a significant impact on the Company's financial statements;
16. Instituting investigations, if necessary, into any matters within the Committee's scope of responsibilities, with full access to all books, records, facilities and personnel of the Company and, as appropriate, obtaining advice and assistance from independent outside legal, accounting or other advisors, with funding from the Company;
17. Reviewing and approving in advance any related party transactions;
18. Establishing procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
19. Receiving and, if appropriate, responding to attorneys' reports of evidence of material violations of securities laws and breaches of fiduciary duty and similar violations of United States federal or state law;
20. Reviewing the results of significant investigations, examinations or reviews performed by regulatory authorities and management's response;
21. If necessary, providing a report in the Company's proxy statement in accordance with the requirements of Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A;
22. Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and audit committee members, member qualifications and activities;
23. Providing oversight of the policy, strategy and results of the investment of all assets held by, and liabilities with respect to (a) the Company's United States pension and welfare benefit plan trusts in compliance with the Employee Retirement Income Security Act of 1974, as amended, and (b) the international pension and benefits plans of the Company and its subsidiaries;
24. Providing review or oversight regarding significant treasury matters such as capital structure, derivative policy, global liquidity, fixed income investments, borrowings, currency exposure, dividend policy, share issuances and repurchase, capital spending and risk management identification and coverage;
25. Providing oversight of the Company's loans, loan guarantees of third party debt and

obligations and outsourcings;

26. Reviewing, approving and monitoring the Company's code of ethics applicable to the Company's senior management and such other financial professionals within the Company as the Committee may deem appropriate;
27. Coordinating with the Compensation Committee of the Board regarding the cost, funding and financial impact of equity and benefits;
28. Establishing a policy that pertains to hiring the auditor's employees or former employees;
29. Conducting an annual self-evaluation of the Committee's performance;
30. Reviewing the Committee's own charter, structure, processes and membership requirements at least annually;
31. Considering such other matters regarding the Company's financial affairs, its controls and the internal and independent audits of the Company as the Committee, in its discretion, may determine to be advisable; and
32. 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 quarterly. 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.

The Committee will meet separately in executive sessions and with the independent auditors at least quarterly, as well as with members of the Company's management as it deems appropriate. The Committee shall be given full access to the Company's auditors, Board and Company senior management, as well as to the Company's books, records facilities and other personnel.

#### **OUTSIDE ADVISORS:**

The Committee shall have the authority to retain, at the expense of the Company, and meet privately with such independent advisors, 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 counsel or auditors used to assist the Committee in

evaluating the Company's financial reporting process, and to approve the counsel or auditors' 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:**

Apart from reports prepared pursuant to Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A, the Committee will summarize its examinations and recommendations to the Board from time to time as may be appropriate.

#### **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.

#### **DELEGATION OF AUTHORITY:**

The Committee may, to the extent permitted by applicable law, Nasdaq and the SEC, and the Company's Memorandum of Association and Articles of Association, delegate their responsibilities to one or more committee members. The Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its scheduled meetings.

#### **LIMITATIONS:**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for determining that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles. The independent auditors are responsible for planning and conducting audits to determine whether the financial statements are in accordance with generally accepted accounting principles and present fairly, in all material respects, the financial position of the company.

#### **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.