

ASM PACIFIC TECHNOLOGY LTD.

Audit Committee

Terms Of Reference

1 April 2012

1. Objective

The role of the Audit Committee (“AC”) is to assist the Board of Directors (“Board”) in considering how it will apply the financial reporting and internal control principles and in maintaining an appropriate relationship with the external auditors of the Company (“External Auditors”).

2. Committee Structure

- (a) The AC is responsible to the Board.
- (b) Each individual AC member is appointed by the Board for a term of three years and is subject to reappointment upon expiry of the term.
- (c) AC members shall comprise non-executive directors only.
- (d) The AC must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.
- (e) The chairman of the AC is appointed by the Board and must be an independent non-executive director.
- (f) The company secretary is responsible to provide secretarial support to the AC.
- (g) The Chief Financial Officer (“CFO”) is responsible for preparation of the necessary documentation for discussion in the AC meetings, liaison between AC and the Board or the External Auditors; attending AC meetings and answering questions when necessary.
- (h) The quorum for a meeting of the AC shall be half of the number of AC members.

3. Duties and powers

- (a) To monitor the integrity of the financial statements (audited and unaudited) at least on semi-annual basis, the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, to review significant financial reporting judgments contained in them, and focus on key areas like turnover, profitability, liquidity, changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, the going concern assumptions and any qualifications, compliance with accounting standards, compliance with the Listing Rules and legal requirements in relation to financial reporting, and any other areas which the AC considers necessary, with the assistance of the CFO, before submission to the Board.
- (b) To consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or External Auditors.
- (c) To review any audited financial statements together with the CFO and the External Auditors, and to approve the submission of the financial statements to the Board for final review and approval.
- (d) To meet with the CFO and the External Auditors at least twice a year to review the Group's financial and accounting policy, practices and standard used to ensure adequate compliance with all necessary rules and regulations.
- (e) To meet with the CFO at least twice per year to review the financial controls, internal control and risk management systems and procedures of the Company and to discuss with the management the system of internal control and ensure that management has performed its duty to have an effective internal control system including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; and if the AC considers necessary to call upon any member or members of the Board or senior management to conduct further enquiry.
- (f) To review and discuss with the External Auditors and the CFO the contents of the management letter issued by the External Auditors after annual audit, any material queries raised by the External Auditors to the Management about accounting records, financial accounts or systems of control, and to follow up with CFO for any management responses and remedies.
- (g) To ensure that the Board will provide a timely response to the issues raised in the External Auditors' management letter.

- (h) To meet with the CFO and the External Auditors at least once a year to review and discuss the audit standard and the audit service plan before the audit commences so as to monitor the effectiveness of the audit process.
- (i) To call upon the External Auditors any time the AC considers necessary.
- (j) To report to the Chairman of the Board or the Board on any matter the AC considers as necessary, to consider other topics, as defined by the Board.
- (k) To conduct any ad hoc investigation on internal control matters as requested by the Board or on its own initiatives and to consider the major investigations findings on internal control matters as delegated by the Board or on its own initiatives and the Management's response to these findings.
- (l) To make recommendations to the Board on the appointment, reappointment and removal of the External Auditors.
- (m) To develop and implement policy on the engagement of the External Auditors to supply non-audit services. For this purpose, "External Auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The AC should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.
- (n) To review and approve proposals made by the CFO in respect of the annual audit fees, terms of engagement of the External Auditors, and other service fees payable to the External Auditors, and any questions of resignation or dismissal of the External Auditors.
- (o) To review and monitor the External Auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The AC should discuss with the External Auditors the nature and scope of the audit and reporting obligations before the audit commences.
- (p) To ensure co-ordination between the Internal Auditors and External Auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.
- (q) The AC can write to the Management for any information requirement to allow it to discharge any of its duties and responsibilities.

4. Meeting Procedure And Reporting

- (a) The chairman of the AC is responsible to issue meeting notice of time and venue at least 7 days before the meeting and to issue the agenda of the meeting.
- (b) The CFO is responsible to provide all necessary documentation and information requirement for the meeting at least 4 days before the meeting.
- (c) The meetings and proceedings of the AC shall be governed by the provisions contained in the Articles of Association for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by the express terms of appointment of the AC, or by any such regulations as aforesaid with full minutes taken and recorded.
- (d) The chairman of AC can call a meeting anytime he or she considers necessary.
- (e) The AC should present a report annually of the activities of the AC to the Board.