

The Board of Directors (the "Board") is pleased to present their report and the audited financial statements of Semtech International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period from 1 July 2003 to 31 December 2004.

CHANGE OF NAME

Pursuant to a special resolution passed at a special general meeting held on 20 April 2004, the name of the Company was changed from Millennium Sense Holdings Limited to Semtech International Holdings Limited.

CHANGE OF FINANCIAL YEAR END DATE

During the period, the Company changed its financial year end date from 30 June to 31 December. The financial statements presented cover the 18 months period from 1 July 2003 to 31 December 2004.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and jointly controlled entity as at 31 December 2004 are set out in notes 20 and 21 respectively to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the period from 1 July 2003 to 31 December 2004 and the state of affairs of the Company and the Group at 31 December 2004 are set out in the financial statements on pages 20 to 63.

An interim dividend of HK\$0.01 per share amounting to HK\$2,925,000 was paid to the shareholders during the period. The Board recommended the payment of a final dividend of HK\$0.03 per share for the period ended 31 December 2004 to be paid on or around 13 June 2005 to shareholders whose names appear on the register of members of the Company on 10 May 2005, subject to the approval by shareholders at the forthcoming Annual General Meeting. This proposed final dividend together with the interim dividend will make a total of HK\$0.04 per share for the period from 1 July 2003 to 31 December 2004 (2003: nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the past five financial years is set out on page 64.

SHARE CAPITAL

Details of movements in the share capital of the Company during the period are set out in note 30 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the period are set out in note 32 to the financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2004, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to HK\$62,447,000 (30.6.2003: HK\$54,689,000). The Company's share premium account of HK\$104,013,000 (30.6.2003: HK\$6,459,000) could be distributed in the form of fully paid bonus shares.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the period are set out in note 15 and 16 respectively to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the largest customer and the five largest customers of the Group accounted for approximately 14% and 46%, respectively, of the total turnover of the Group for the period.

The aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 14% and 43% respectively, of the total purchases of the Group for the period.

None of the directors, their associates or any shareholders which to the knowledge of the directors own more than 5% of the Company's share capital had any interest in the five largest suppliers or customers.

DIRECTORS

The directors of the Company during the period and up to the date of this report were:

Executive directors

Mr. Sher Tak Chi	(resigned on 2 January 2004)
Ms. Kang Hsiao Fang	(resigned on 2 January 2004)
Mr. Sher Kam Hong	(resigned on 2 January 2004)
Ms. Sher Ching Yee	(resigned on 2 January 2004)
Mr. Lam Yat Keung	(appointed on 13 December 2003)
Ms. Lam Pik Wah	(appointed on 13 December 2003)
Mr. Lam Hung Kit	(appointed on 13 December 2003)
Mr. Wong Chong Kwong, Derek	(appointed on 13 December 2003 and resigned on 8 September 2004)

Independent Non-executive directors

Mr. Lo Hang Fong	(resigned on 13 November 2003)
Mr. Chan Ho Wah Terrence	(appointed on 13 November 2003 and resigned on 2 January 2004)
Mr. Leung Hoi Yin	(resigned on 2 January 2004)
Mr. Ho Chi Fai	(appointed on 15 January 2004)
Mr. Pai Te Tsun	(appointed on 15 January 2004)
Mr. Lo Wah Wai	(appointed on 27 September 2004)

In accordance with clause 87 of the Company's bye-laws, Ms. Lam Pik Wah and Mr. Lam Hung Kit will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The independent non-executive directors do not have specific terms of appointment but are subject to retirement on the same basis as the executive directors as required by the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

Each of the existing executive directors has entered into a service contract with the Company for an initial terms of two years commencing from 1 August 2004 and shall continue thereafter unless terminated in accordance with the terms of the service contracts.

The independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws.

REPORT OF THE DIRECTORS

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2004, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Long Positions in the Shares of the Company

Name of directors	Capacity	Number of ordinary shares held	Percentage of shareholding
Lam Pik Wah	Held by controlled corporation	51,600,000 (note 1)	17.64%
Lam Hung Kit	Held by controlled corporation	51,600,000 (note 1)	17.64%
Lam Yat Keung	Held by family	51,600,000 (note 2)	17.64%

Note 1: These ordinary shares are owned by Smart Number Investments Limited ("Smart Number"), a company incorporated in the British Virgin Islands. The entire issued share capital of Smart Number is beneficially owned as to 66.67% by Ms Lam Pik Wah and as to 33.33% by Mr. Lam Hung Kit.

Note 2: These ordinary shares are owned by Smart Number, a controlled company of Ms Lam Pik Wah, the wife of Mr. Lam Yat Keung.

Save as disclosed above, none of the directors, chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to notify the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company has adopted share option schemes on 30 June 2000 (the "2000 scheme") and 28 November 2002 (the "2002 scheme") for which the details are set out in note 31 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and neither the directors nor the chief executives, or any of their spouses or children under the age of 18, had any rights to subscribe for the equity or debt securities of the Company, or had exercised any such rights.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the Shares of the Company

Shareholders	Capacity	Number of ordinary shares held	Percentage of shareholding
Smart Number Investments Limited	Beneficial owner	51,600,000	17.64%
Forever Gain Profits Limited (Note)	Beneficial owner	58,000,000	19.83%
Wan Bing Hung (Note)	Held by controlled corporation	58,000,000	19.83%
Wong Chong Kwong, Derek	Beneficial owner	34,400,000	11.76%
Ko Kin Hang	Beneficial owner	14,798,000	5.06%

Note:

Forever Gain Profits Limited is wholly owned by Mr. Wan Bing Hung

Save as disclosed above, the Company had not been notified of any interests representing 5 percent or more in the issued share capital of the Company as at 31 December 2004.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period and up to the date of this report, none of the directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Rules Governing the Listing of Securities of the Stock Exchange ("Listing Rules").

CONNECTED TRANSACTIONS

Details of the connected transactions of the Group during the period are set out in note 38 to the financial statements.

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that independent non-executive directors are not appointed for a specific term but are subject to rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDIT COMMITTEE

An audit committee (the "Committee") was established on 3 July 2000 with written terms of reference for the purpose of reviewing the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The members of the Committee are Messrs. Lo Wah Wai, Ho Chi Fai and Pai Te Tsun, all of them are the independent non-executive directors of the Company.

AUDITORS

During the year ended 30 June 2002, Ernst & Young resigned and KLL Associates CPA Limited were appointed as auditors of the Company.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint KLL Associates CPA Limited as auditors of the Company.

On behalf of the Board

Lam Yat Keung

President

Hong Kong, 16 March 2005