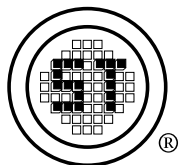


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SEMTECH INTERNATIONAL HOLDINGS LIMITED

先科國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 10th May, 2006, the Company entered into the Placing and Subscription Agreement with Smart Number and the Placing Agent pursuant to which the Placing Agent agreed to place, on a best effort basis, 58,000,000 existing Shares held by the Vendor at the price of HK\$0.90 per Share to no less than six Placees who are Independent Third Parties. The Vendor has also conditionally agreed to subscribe for up to 58,000,000 new Shares at the same price of HK\$0.90 per Subscription Share.

The Subscription Shares represent (i) 18.03% of the Company's existing issued share capital; and (ii) approximately 15.27% of the Company's issued share capital as enlarged by the Subscription.

The Placing is unconditional while the Subscription is conditional on, among other things, completion of the Placing.

The Subscription Shares will be issued under the general mandate granted to the Directors on 10th May, 2005.

Trading of the Shares on the Stock Exchange was suspended from 9:38 a.m. on 10th May, 2006 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 11th May, 2006.

INTRODUCTION

On 10th May, 2006, the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, 58,000,000 existing Shares held by the Vendor to the Placees at a price of HK\$0.90 per Share. The Vendor has also conditionally agreed to subscribe for up to 58,000,000 new Shares (equivalent to the number of existing Shares placed under the Placing) at a price of HK\$0.90 per Share.

PLACING AND SUBSCRIPTION AGREEMENT

Date:

10th May, 2006

* for identification purpose only

Parties:

- (i) Vendor and subscriber: Smart Number Investments Limited. As at the date of the Placing and Subscription Agreement, Smart Number held 60,000,000 Shares, representing approximately 18.65% of the existing issued share capital of the Company of 321,750,000 Shares;
- (ii) Placing Agent: OSK Asia Securities Limited, an Independent Third Party.
- (iii) Issuer: the Company.

Placing Commission:

2% of the aggregate placing price of the Placing Shares

Number of Shares involved:

The Placing Agent agreed to place a total of up to 58,000,000 existing Shares held by the Vendor to the Places. The Placing is on a best effort basis.

The Vendor shall subscribe for a total of up to 58,000,000 new Shares (equivalent to the number of Placing Shares). The Subscription Shares represent (i) 18.03% of the Company's existing issued share capital; and (ii) approximately 15.27% of the Company's issued share capital as enlarged by the Subscription.

Places:

Not less than six professional, institutional and/or individual investors procured by the Placing Agent under the Placing and Subscription Agreement. The Placing Agent has agreed to procure that each of the Places and their respective ultimate beneficial owners will be an Independent Third Party.

Placing Price and Subscription Price:

HK\$0.90 per Share. The Placing Price and the Subscription Price represent (i) a discount of 10% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on 9th May, 2006 (being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement); (ii) a discount of approximately 8.72% over the average closing price of HK\$0.986 per Share as quoted on the Stock Exchange for the last five trading days up to and including the last trading date; and (iii) a discount of approximately 8.54% over the average closing price of HK\$0.984 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the last trading date.

After deduction of expenses, the net Placing Price came to approximately HK\$0.88 per Share.

Conditions:

The Placing is unconditional. The Subscription is conditional on (i) completion of the Placing; and (ii) the granting by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Subscription Shares.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Completion:

Completion of the Placing is expected to take place on 15th May, 2006. Completion of the Subscription will take place upon the fulfillment of all conditions of the Subscription as set out above. The Subscription must be completed on or before 24th May, 2006, being 14 days from the date of the Placing and Subscription Agreement. If the Subscription were to be completed thereafter, it would constitute a connected transaction of the Company under the Listing Rules and would require the approval of the independent Shareholders.

Mandate to issue the Subscription Shares:

The 58,000,000 Subscription Shares are to be issued by the Company under the general mandate granted by the Shareholders to the Directors to allot and issue Shares at the annual general meeting of the Company held on 10th May, 2005.

RANKING OF THE SUBSCRIPTION SHARES

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the respective date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing and the Subscription are illustrated in the table below:

	As at the date of the Placing Agreement	%	Immediately after completion of the Placing but before completion of the Subscription (assuming all the Placing Shares are placed)	%	Immediately after completion of the Placing and the Subscription	%
Smart Number	60,000,000	18.65	2,000,000	0.62	60,000,000	15.80
Public	261,750,000	81.35	261,750,000	81.35	261,750,000	68.93
Placees	0	0	58,000,000	18.03	58,000,000	15.27
	<hr/>		<hr/>		<hr/>	
Total	<u>321,750,000</u>	<u>100</u>	<u>321,750,000</u>	<u>100</u>	<u>379,750,000</u>	<u>100</u>

Note: The above table assumes that there are no changes to the shareholding in the Company, other than as a result of the Placing and the Subscription.

The Board does not expect any Placees will become a substantial Shareholder of the Company (as defined in the Listing Rules) as a result of the Placing.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the business of manufacturing electronic component products.

The Placing Price and the Subscription Price were determined after arm's length negotiations between the Company, the Vendor and the Placing Agent. The Directors consider that the Placing Price and the Subscription Price to be fair and reasonable and believe that the Placing and the Subscription are in the best interests of the Company and the Shareholders as a whole.

The Directors consider the Placing and the Subscription as a whole is desirable as it will enlarge the shareholder base and capital base of the Company and will strengthen the financial position of the Group. The net proceeds from the Subscription are estimated to be about HK\$51 million, of which approximately HK\$17.4 million will be used to purchase plant and machineries and the remaining balance of about HK\$33.6 million will be used as the Group's general working capital.

FUND RAISING IN THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not undertaken any equity fund raising exercise over the period of twelve months immediately preceding the date of this announcement.

GENERAL

Trading of the Shares on the Stock Exchange was suspended from 9:38 a.m. on 10th May, 2006 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 11th May, 2006.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	board of the Directors;
“Company”	Semtech International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	a party who, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, is a third party independent of the Company and its connected persons (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Places”	the places procured by the Placing Agent under the Placing, all of which will be Independent Third Parties;
“Placing”	the placing of up to 58,000,000 existing Shares, on a best effort basis, by the Placing Agent to the Places at the Placing Price under the Placing and Subscription Agreement;
“Placing Agent”	OSK Asia Securities Limited;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 10th May, 2006 entered into between the Company, Smart Number and the Placing Agent;
“Placing Price”	the placing price of HK\$0.90 per Share under the Placing, which is the same as the Subscription Price;
“Placing Shares”	up to 58,000,000 existing Shares to be placed under the Placing;
“Shares”	shares of a nominal value of HK\$0.10 each in the capital of the Company;
“Smart Number”	Smart Number Investments Limited, a company incorporated in the British Virgin Islands with limited liability and which is as to 66.67% by Ms. Lam Pik Wah and as to 33.33% by Mr. Lam Hung Kit, who are both Directors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of up to 58,000,000 new Shares by Smart Number under the Placing and Subscription Agreement;
“Subscription Price”	the subscription price of HK\$0.90 per Subscription Share under the Subscription, which is the same as the Placing Price;
“Subscription Shares”	up to 58,000,000 new Shares to be subscribed by Smart Number under the Placing and Subscription Agreement which is equal to the number of Placing Shares placed by the Placing Agent;
“Vendor”	Smart Number;

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong; and

“%” per cent..

By order of the Board
Lam Yat Keung
President

Hong Kong, 10 May, 2006

As at the date of this announcement, the Board comprises Mr. Lam Yat Keung, Ms. Lam Pik Wah and Mr. Lam Hung Kit as executive directors and Mr. Lo Wah Wai, Mr. Ho Chi Fai and Mr. Pai Te Tsun as independent non-executive directors.

Please also refer to the published version of this announcement in The Standard.