



CDW Holding Limited

Units 1617 to 1621, 16th Floor, Tower II, Grand Central Plaza,
138 Sha Tin Rural Committee Road, Shatin, New Territories, Hong Kong
Website: <http://www.cdw-holding.com.hk/>
Tel: +852 2634 1151 Fax: +852 2690 3349

CDW experienced turnaround to achieve 1Q06 net profit growth of 60.2% vs 4Q05

- **Revenue rose 43.4% due to larger scale operations and the undertaking of higher valued projects**
- **Stepped up performance in new Dongguan plant**
- **Future demand for Group's products remains strong, buoyed by launches of new models from customers**

Singapore, • May 2006 – CDW Holding Limited (“CDW” or “The Group”), a Hong Kong based, Japanese-managed LCD BLU and other precision components specialist for the mobile communication, consumer, information technology and office equipment sectors, with 90% of its customer base consisting of reputable Japanese Multinational Corporations (“MNCs”) and component manufacturers, has reported a turnaround to achieve a 60.2% 1Q06 net profit growth to US\$2.2 million on the back of a 43.4% revenue growth to US\$44 million, as compared to 4Q05.

Financial Highlights (US\$'000)	3 months ended 30/09/2005	3 months ended 31/12/2005	3 months ended 31/03/2006	% Change 4Q05 vs 1Q06
Revenue	30,674	30,827	44,212	43.4
Gross Profit	5,848	5,668	6,066	7.0
Operating Profit	2,781	1,688	2,509	48.6
Profit before Taxation (PBT)	2,715	1,616	2,439	50.9
Net Profit Attributable to Shareholders	2,443	1,387	2,222	60.2

In terms of segmental revenue breakdown, CDW's core LCD BLUs division contributed US\$29.3 million in 1Q06, an increase of 83.3% compared to 4Q 2005. This was mainly attributable to a step up in the Dongguan operations and the undertaking of higher valued projects, which command a higher average selling price (“ASP”). The higher ASP stems from an increased value add contributed by the additional components integrated, such as Light Emitting Diode (“LED”) and Flexible Printed Circuits (“FPC”). The end products (for example, LCD BLUs for mobile phones with video capabilities) will be able to have brighter

displays and provide better resolutions.

Likewise, CDW registered a rise in revenue for its Trading Division to US\$7.7 million as compared to 4Q05.

On the other hand, revenue for the Group's Frame Products division experienced a decline to US\$3.4 million compared to 4Q05, due to a slowdown in orders attributed to new model launches from the customers in the later part of the year. In addition, the Precision Accessories division also saw a revenue decline to US\$3.7 million arising from the decline in revenue from the Frame Products division.

Overall, CDW's net asset value (NAV) per share increased from US\$9.62 cents as at 31 December 2005 to US\$10.14 cents as at 31st March 2006.

Responding to the improved results, Mr. Kunikazu Yoshimi, CDW's CEO was of the view that, "CDW has weathered the earlier pricing pressures; our Dongguan plant has passed its start-up phase and is now able to produce at its target capacity. Riding on this momentum, we would expect to achieve a breakeven in 2Q06 in our Dongguan plant, notwithstanding the robust competition. The Group's results in 1Q06 is certainly encouraging and given the more positive business climate this year, we intend to build on the impetus to achieve better results for the Group this year."

Outlook

The demand for LCD BLUs remains strong, spurred by emerging new handset and gamebox models in the market. At present, CDW has an estimated market share of 10% for LCD BLU production for mobile handsets in Japan as well as an approximate 25% market share for the production of LCD BLU for game consoles. Going forward, the management sees continuing upside potential for the Group. There are good prospects that CDW will be able to supply LCD BLUs indirectly to two out of the three biggest mobile phone makers globally in the future. CDW is also making plans to assemble LED-based backlight units for LCD products with larger display screens.

With regards to the Precision Accessories and the Trading divisions, CDW expects a more stable growth moving forward. However, the increasing demand for the new generation of

inkjet printers due to the better quality and lower costs of the prints will present potential business opportunities for the Group. Improvement in both revenue and profitability is expected in the second half of the year for the Frame Products division, due to the launch of new product models. For the whole year, while the revenue and profit contribution from the Frame Products division are expected to decline vis-à-vis FY2005, the Group will see increased contribution from the LCD BLUs division due to the increased demands for our higher valued products.

Meanwhile, operations at the new Dongguan plant are expected to achieve a breakeven level in 2Q06. CDW expects the plant to start contributing to the Group's earnings in Q306, with the scheduling of 2 operating shifts in place. The construction of the new Suzhou plant has also commenced in the second quarter of this year and is expected to be fully operational next year, boosting production capability in the Frame Products division.

With the bright industry outlook and above growth drivers in place, the Group is optimistic about its results for FY2006.

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About CDW Holding Ltd.

CDW Holding Ltd ("CDW"), a Japanese-managed company, is a key precision components supplier to major reputable Japanese customers for Liquid Crystal Display (LCD) products and other precision components in the mobile telecommunications, consumer electronics and office equipment sectors.

Tapping on the low production cost in China, CDW has set up 6 production facilities (excluding the new Suzhou plant expected to commence operations in 2007) across Shanghai, Suzhou, Dongguan and Hong Kong, making them one of the largest LCD BLU manufacturers in China for Japanese MNCs.

CDW's business can be divided into four segments, namely:

- a) Production, assembly and supply of LCD backlight units (BLU)
- b) Production and supply of metal and plastic LCD frames
- c) Production of precision accessories
- d) Trading of precision accessories

Issued for and on behalf of CDW Holding Ltd.

For more information, please contact:

Mark LEE / Dave TAN

Financial PR Pte Ltd

Tel: 6438 2990

Fax: 6438 0064

E-mail: staff@financialpr.com.sg