



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 records a 70% revenue increase and declares an interim dividend of 0.4 US cent for 1H06

- *Demand for Group's products remains strong, buoyed by customers' new model launches for LCD backlight units ("BLU")*
- *Dongguan plant to contribute to Group's earnings in 2H06*
- *Plans to adopt two-pronged strategy for Dongguan and Shanghai plants for LCD BLU business*

Singapore, 12 August 2006 – CDW Holding Limited ("CDW" or "The Group"), a Hong Kong-based, Japanese-managed Liquid Crystal Display backlight units (LCD BLU) and other precision components specialist for the mobile communication, consumer, information technology and office equipment sectors, has reported an interim revenue of US\$75 million for 1H06. This reflects increased business activities as well as scaling up of operations at the Group's new Dongguan plant.

Financial Highlights (US\$'000)	6 months ended 30 June 06	6 months ended 30 June 05	% Change
Revenue	75,888	44,672	69.9
Gross Profit	11,024	10,287	7.2
Operating Profit	5,783	6,745	(14.26)
Profit before Taxation (PBT)	3,986	5,723	(30.4)
Net Profit Attributable to Shareholders	3,687	5,112	(27.9)

The Group achieved a 7.2% increase in gross profit for 1H06. Net operating cashflow from operations for 1H06 was positive at US\$3.4 million and the Group ended 1H06 with a cash position of US\$23.0 million. The Group's net profitability was however affected by a slowdown in the LCD frames division and the higher cost of sales.

The slowdown in the LCD frame division was due to the customers' phasing out of the older models prior to the introduction of the newer models to the market. The higher cost of sales was necessitated by the production of the higher value LCD BLUs that command higher ASP.

In line with the Group's expectations, the plant at Dongguan has achieved breakeven in 2Q06. With the continual improvement in production efficiency as well as the gradual commencement of a second workshift in June, the Group believes that the plant will start contributing to the Group's earnings in 3Q06.

At present, CDW is supplying about 4 million units of LCD BLUs per month to the Japanese LCD customers for the mobile phones and the gamebox entertainment equipment markets. With the two full operating working shifts for the Group's Dongguan operations in the later part of the year, the production capacity will exceed 6 million units per month.

At the moment, the orderbook for LCD BLUs remains strong, due to the clients' new handset and gamebox model rollouts as well as other new applications such as the GPS navigators and portable digital TVs. The Group's core LCD BLU division is expected to be a major contributor to the Group's earnings going forward.

In light of the above and to further sharpen its business focus, the Group has decided to adopt a two-pronged strategy for its operations in Dongguan and Shanghai for the LCD BLU production business.

The Group's operations in Dongguan, which produces LCD BLU for handsets and gamebox equipment, are of strategic importance as they serve handset and gamebox equipment manufacturers in Southern China. With the inclusion of a second workshift and with falling rejection rates in 2Q06, the Group's latest operations in Dongguan will be able to achieve a higher production volume to meet increased demands from the mass market.

In contrast, the Group's operations in Shanghai, which started the LCD BLU production business six years ago and has achieved recognition for its high quality standard, will cater to a niche market with lower production volume, but higher margins because the products will be more advanced and require higher quality standards.

When asked to comment on the Group's results and strategies moving forward, Mr Kunikazu Yoshimi commented, "We are certainly on track to realizing revenue growth for FY06. With the key strategies in place, we believe that the Group's decision to focus on serving the mass market in Dongguan and the niche market in Shanghai will certainly move towards the Group's long-term objective to be the partner-supplier of choice for its customers. Moving forward, the Group will continue to work hard to enhance shareholders' value."

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About CDW Holding Ltd.

CDW Holding Ltd. ("CDW"), a Japanese-managed company, is a key precision components parts supplier to major reputable Japanese customers for Liquid Crystal Display (LCD) products and other precision accessories components in the mobile telecommunications, consumer electronics and office equipment sectors, with 90% of its customer base consisting of reputable Japanese Multinational Corporations ("MNCs") and component manufacturers.

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