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MEDIA RELEASE

CDW achieved US\$1.3 million profit before tax in 9M20 with recovery in LCD Backlight Units segment

Singapore, 2 December 2020 – SGX Mainboard listed CDW Holding Limited (“CDW” and together with its subsidiaries, the “Group”), is pleased to provide a business performance update for the nine months ended 30 September 2020 (“9M20”).

Business Performance Review

(US\$'000)	9M20	9M19	Change (%)
Revenue	76,176	70,590	7.9%
Profit / (Loss) before tax	1,322	(1,477)	189.5%
Net Profit / (Loss) after tax	46	(1,942)	102.4%
Basic earnings / (Loss) per share (US cents)	0.02	(0.85)	102.4%
Diluted earnings / (Loss) per share (US cents)	0.02	(0.85)	102.4%

The Group saw an increase in 9M20 revenue by US\$5.6 million to US\$76.2 million from US\$70.6 million in the nine months ended 30 September 2019 (“9M19”). The increase was mainly due to the recovery in LCD Backlight Units segment, particularly, orders for larger-sized LCD backlight units used in ultrathin notebook computers and automobile information displays of premium vehicles.

Revenue by Segment

(US\$ million)	Revenue			Operating profit		
	9M20	9M19	Change (%)	9M20	9M19	Change (%)
LCD Backlight Units	56.4	40.9	(37.9)	3.5	0.9	288.9
Office Automation	9.7	16.3	(40.5)	(0.1)	0.3	(133.3)
LCD Parts and Accessories	9.3	12.3	(24.4)	0.4	0.2	100.0
F&B and Life Sciences	0.8	1.1	(27.3)	-	(0.4)	N.M.
Total	76.2	70.6	7.9	3.8	1.0	280.0

N.M.: Not meaningful

In 9M20, the Group recorded a profit before income tax of US\$1.3 million (9M19: Loss before income tax of US\$1.5 million) and registered a marginal profit after income tax of US\$0.05 million (9M19: Loss after income tax of US\$1.9 million).

Group Financial Position

(US\$'000)	30 Sep 2020	31 Dec 2019	Change (%)
Inventories	12,709	9,890	28.5
Trade and other receivables	32,240	34,289	(6.0)
Cash and bank balances	22,875	28,466	(19.6)
Total assets	82,797	88,016	(5.9)
Trade and other payables	21,155	22,733	(6.9)
Total liabilities	34,062	37,373	(8.9)
Total equity	48,735	50,643	(3.8)
Net asset value per share (US cents)¹	21.95	22.69	(3.3)

¹ The calculation of the net asset value per ordinary share was based on total number of 221,987,408 (31 December 2019: 223,190,008) ordinary shares (excluding treasury shares).

Business Outlook

The Group's continues to face external headwinds and a challenging business environment exacerbated by US-China trade tensions and the global economic effects of the COVID-19 pandemic. Despite these challenges, the Group will continue working with its customers on product development, grow its other businesses to diversify, explore alternative manufacturing locations for risk diversification, and explore new business opportunities.

In 9M20, the Group continued to receive orders for larger-sized LCD backlight units used in ultrathin notebook computers and the automobile information displays of premium vehicles. The demand for these larger-sized LCD backlight units continues to rise, but at a slow pace. The Group expects a higher number of orders when these displays become commonplace in mainstream automobiles.

Meanwhile, both the Office Automation, and LCD Parts and Accessories segments continue to face intense price competition, as well as lower revenue due to model obsolescence or phasing out. Both segments have been taking measures to maintain profitability, and are anticipated to remain stable in the coming financial year with expectations of a stable inflow of orders for parts for existing models of office automation, smartphones and ultrathin notebook computers.

The OEM business for mobile payment devices, which is a subset of the LCD Parts and Accessories segment, continues to face stiffer price competition from other PRC suppliers. In response, the Group has streamlined and removed non-competitive models and is shifting the bulk of its operations to a new facility in the Philippines. However, with COVID-19 pandemic-related restrictions in the Philippines, production has been subcontracted to a partner in Thailand as the Group's customer for mobile point-of-sale devices has increased order volume substantially for the coming two quarters.

For the life sciences business, please refer to the media release under the heading of "CDW Co-develops Antibody Medicine Targeting Cancer Stem Cells, Clinical Trials to Commence" which was released on 1 December 2020.

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About CDW Holding Limited (www.cdw-holding.com.hk)

CDW Holding Limited (“CDW” and together with its subsidiaries, the “Group”) is a Japanese-managed precision components specialist serving the global market focusing on the production and supply of niche precision components for mobile communication equipment, gamebox entertainment equipment, consumer and information technology equipment, office equipment and electrical appliances. The Group is headquartered in Hong Kong and has operations in Japan and China.

The Group has been identifying new businesses to invest in with the potential for growth and entered as part of its diversification strategy and has made forays into the Life Sciences sector since 2016. The Company’s aim for its Life Sciences business is to identify research-driven yet commercialisable projects that can have a positive impact on the quality of human life.

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