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CEC
华大科技
HUADA TECHNOLOGY

CHINA ELECTRONICS HUADA TECHNOLOGY COMPANY LIMITED
中國電子華大科技有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00085)

2026 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of China Electronics Huada Technology Company Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Unaudited Six months ended 30 June	
		2026	2025
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,170,630**	1,112,346
Cost of sales		**(762,468)**	(698,249)
Gross profit		**408,162**	414,097
Other income – net	*4*	**43,058**	36,496
Selling and marketing costs		**(28,910)**	(23,066)
Administrative expenses		**(283,373)**	(272,167)
Impairment losses on trade and other receivables		**(2,958)**	(3,969)
Operating profit		**135,979**	151,391
Finance income	*5*	**3,110**	6,265
Finance costs	*5*	**(5,885)**	(11,961)
Finance costs – net	*5*	**(2,775)**	(5,696)
Share of result of an associate		**434**	(109)
Profit before taxation	*6*	**133,638**	145,586
Taxation	*7*	**(7,306)**	(5,478)
Profit for the period		**126,332**	140,108

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

		Unaudited Six months ended 30 June	
		2026	2025
	Note	***HK$'000***	*HK$'000*
Profit for the period attributable to:			
Owners of the Company		**125,014**	138,560
Non-controlling interests		**1,318**	1,548
		126,332	140,108
		HK cents	*HK cents*
Basic earnings per share	*9*	**6.16**	6.83

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Profit for the period	**126,332**	140,108
Other comprehensive income for the period, net of taxation:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements	**86,675**	31,568
Items that will not be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**18,388**	8,032
Total comprehensive income for the period	**231,395**	179,708
Total comprehensive income for the period attributable to:		
Owners of the Company	**228,980**	178,160
Non-controlling interests	**2,415**	1,548
	231,395	179,708

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**56,630**	58,470
Right-of-use assets		**19,715**	26,725
Investment properties		**40,738**	40,188
Intangible assets		**94,012**	45,082
Investment in associates		**22,821**	21,680
Trade and other receivables	*10*	**25,819**	32,334
Deferred tax assets		**50,479**	51,700
Time deposits and restricted cash		**633,239**	664,290
		943,453	940,469
Current assets			
Inventories		**923,010**	720,431
Trade and other receivables	*10*	**648,919**	425,222
Income tax receivables		**45,250**	36,568
Time deposits and restricted cash		**1,003,025**	1,074,686
Cash and cash equivalents		**857,378**	617,076
		3,477,582	2,873,983
Total assets		**4,421,035**	3,814,452

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	**30 June 2026 (Unaudited) *HK$'000***	31 December 2025 (Audited) *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and premium		**225,454**	225,454
Reserves		**2,489,684**	2,333,779
		2,715,138	2,559,233
Non-controlling interests		**32,945**	30,530
Total equity		**2,748,083**	2,589,763
Liabilities			
Non-current liabilities			
Lease liabilities		**4,144**	2,601
Trade and other payables	*11*	**20,849**	39,092
Deferred tax liabilities		**17,535**	12,943
Contract liabilities		**–**	666
		42,528	55,302
Current liabilities			
Deferred government grants		**25,995**	23,943
Contract liabilities		**91,124**	61,814
Trade and other payables	*11*	**1,200,016**	781,364
Bank and other borrowings		**287,894**	276,849
Lease liabilities		**25,395**	25,417
		1,630,424	1,169,387
Total liabilities		**1,672,952**	1,224,689
Total equity and liabilities		**4,421,035**	3,814,452

Notes:

1 BASIS OF PREPARATION

Compliance with HKFRS Accounting Standards and Listing Rules

These condensed consolidated interim financial statements have been prepared in accordance with all applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong.

These condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties which are carried at fair value.

2 PRINCIPAL ACCOUNTING POLICIES

Except for the adoption for the first time of all the new or amended HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants that are relevant to the Group and effective for the accounting period beginning on 1 January 2026, the accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those adopted in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2025.

The adoption of these new or amended HKFRS Accounting Standards had no material effect on the results and financial position of the Group and/or disclosures set out in these condensed consolidated interim financial statements.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Unaudited	
	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Sale of integrated circuit products and provision of services	**1,170,630**	1,112,346

Most of the revenue of the Group is from sale of goods, which is recognised at a point in time when control of the goods is transferred to the customers.

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the Board (the chief operating decision maker) that are used to assess performance and allocate resources. The Board assesses the performance of an operating segment based on a measure of its operating profit excluding unallocated corporate income and expenses.

The Board considers that the Group's operations are operated and managed as a single segment and accordingly, no segment information is presented.

Nearly 100% of the Group's revenue is attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China, and therefore no geographical information is presented.

4 OTHER INCOME – NET

	Unaudited	
	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Government grants from the ordinary course of business	**19,829**	16,539
Changes in fair value of investment properties	**(1,040)**	(121)
Interest income	**17,111**	18,617
Rental income	**1,239**	1,223
Exchange gains	**5,405**	–
Others	**514**	238
	43,058	36,496

5 FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Finance costs		
– Interest expense on borrowings	**4,391**	7,389
– Interest expense on lease liabilities	**386**	699
– Interest expense arose from guarantee deposits received	**1,108**	3,873
	5,885	11,961
Finance income		
– Interest income on cash and cash equivalents	**(1,095)**	(2,723)
– Interest income arose from guarantee deposits paid	**(2,015)**	(3,542)
	(3,110)	(6,265)
Finance costs – net	**2,775**	5,696

6 PROFIT BEFORE TAXATION

The Group's profit before taxation has been arrived at after charging the following:

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**12,009**	10,962
Depreciation of right-of-use assets	**12,401**	11,475
Amortisation of intangible assets	**20,937**	23,071
Reversal of provision for inventories	**(46,984)**	(9,132)
Employee benefit expenses	**203,901**	187,575

Research and development costs recognised as expenses and included in administrative expenses for the six months ended 30 June 2026 were HK$234,325,000 (2025: HK$222,909,000), mainly comprised of employee costs of HK$148,304,000 (2025: HK$140,746,000) and material costs of HK$42,299,000 (2025: HK$35,735,000). No research and development costs were capitalised during the six months ended 30 June 2026 (2025: nil). For the six months ended 30 June 2026, reversal of provision for inventories of HK$46,984,000 (2025: HK$9,132,000) has been credited to cost of sales.

7 TAXATION

	Unaudited	
	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Current taxation		
– PRC corporate income tax	**51**	(5,594)
Deferred taxation		
– Origination and reversal of temporary difference	**3,238**	6,279
– Withholding tax on undistributed profits *(Note (c))*	**4,017**	4,793
	7,255	11,072
Taxation	**7,306**	5,478

(a) No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profit in Hong Kong for the six months ended 30 June 2026 (2025: nil).

(b) In accordance with the relevant regulations of the corporate income tax laws of the PRC, the applicable statutory tax rate of CEC Huada Electronic Design Co., Ltd ("Huada Electronics") and Shanghai Huahong Integrated Circuit Co., Ltd ("Huahong") is 25%. Nevertheless, since Huada Electronics and Huahong qualify as a "High and New Technology Enterprise" for the year ending 31 December 2026, Huada Electronics and Huahong have adopted a preferential tax rate of 15% for the six months ended 30 June 2026 (2025: since Huada Electronics qualified as an "Integrated Circuit Design Enterprise in National Planning Layout" and Huahong qualified as a "High and New Technology Enterprise" for the year ended 31 December 2025, Huada Electronics and Huahong had adopted a preferential tax rate of 10% and 15% respectively for the six months ended 30 June 2025).

(c) According to the relevant regulations of the corporate income tax laws of the PRC, when the Group's foreign investment enterprises distribute dividends out of their profits earned from 1 January 2008 onwards to its shareholders outside Mainland China, such dividends are subject to withholding tax at a rate of 10%.

8 DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 June 2026 (2025: nil).

9 BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Unaudited	
	Six months ended 30 June	
	2026	2025
Profit for the period attributable to owners of the Company (HK$'000)	**125,014**	138,560
Weighted average number of ordinary shares in issue	**2,029,872,000**	2,029,872,000
Basic earnings per share (HK cents)	**6.16**	6.83

No diluted earnings per share is presented as the Company did not have any potential dilutive ordinary share outstanding.

10 TRADE AND OTHER RECEIVABLES

The majority of the Group's sales are with credit terms of 30 days to 180 days. The remaining sales are due immediately after the delivery of goods or provision of services. The ageing analysis of trade receivables (net of loss allowance for impairment) by invoice date is as follows:

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Within 30 days	**174,085**	101,587
31 days to 60 days	**52,353**	14,962
61 days to 180 days	**193,220**	84,242
Over 180 days and within 1 year	**29,340**	3,161
Over 1 year	**1,558**	2,066
	450,556	206,018

11 TRADE AND OTHER PAYABLES

The ageing analysis of trade payables by invoice date is as follows:

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Within 30 days	**605,102**	336,966
31 days to 60 days	**14,341**	5,231
Over 60 days	**85,797**	61,741
	705,240	403,938

BUSINESS REVIEW

Results overview

Revenue of the Group for the six months ended 30 June 2026 amounted to HK$1,170.6 million, representing an increase of 5.2% when comparing with the corresponding period of last year. Profit attributable to owners of the Company amounted to HK$125.0 million, representing a decrease of 9.8% when comparing with the corresponding period of last year. The basic earnings per share was HK6.16 cents (2025: HK6.83 cents).

Integrated circuits design business

The Group's integrated circuits design business comprises the design of smart cards and secure element chips and the development of application system. Currently, the Group's products are mainly used in the sectors of identity authentication, financial payment, government utilities, telecommunications, Internet of Things and Internet of Vehicles. For the six months ended 30 June 2026, the Group obtained 7 new patents, registered 1 new software copyright and 3 new integrated circuits layout designs.

In the first half of 2026, driven by the rapid development of AI technology, demand for supply chain production capacity in the integrated circuits industry rose, market supply was experiencing structural tightness. As a result, the average selling price of the Group's products for the first half of the year rebounded when comparing with the end of 2025, but was still lower than the average selling price of the corresponding period of last year.

During the period, marketing efforts for security microcontroller unit chips yielded significant results, resulting in a significant increase in sales volume when comparing with the corresponding period of last year; the expansion of overseas markets for SIM card chips and bank card chips proceeded smoothly, resulting in an increase in sales volume when comparing with the corresponding period of last year; market demand for third-generation social security card chips rebounded, leading to an increase in sales volume when comparing with the corresponding period of last year. Affected by intensified market competition, sales volume of security SE chips decreased when comparing with the corresponding period of last year; due to adjustment of customer requirement timelines, sales volume of identity authentication products decreased when comparing with the corresponding period of last year. For the six months ended 30 June 2026, the Group's total sales volume increased by 21.8% when comparing with the corresponding period of last year.

Revenue of the Group for the six months ended 30 June 2026 amounted to HK$1,170.6 million, representing an increase of 5.2% when comparing with the corresponding period of last year. Driven by the rapid development of AI technology, wafer, assembling and testing production capacity were tight during the period and had pushed up the production costs, coupled with competition in the smart cards and secure element chips market continues to intensify, average selling price of products was lower when comparing with the corresponding period of last year, resulting in a decrease in the overall gross profit margin for the six months ended 30 June 2026 when comparing with the corresponding period of last year.

Selling and marketing costs for the six months ended 30 June 2026 amounted to HK$28.9 million (2025: HK$23.1 million). The percentage of selling and marketing costs to revenue increased to 2.5% from 2.1% of the corresponding period of last year. During the period, the Group stepped up marketing efforts for new businesses while implementing strict cost control measures.

Administrative expenses for the six months ended 30 June 2026 amounted to HK$283.4 million, representing an increase of 4.1% when comparing with the corresponding period of last year. The percentage of administrative expenses to revenue was 24.2%, at a level similar to that of the corresponding period of last year. The increase in administrative expenses was mainly due to an increase in research and development costs.

Research and development costs for the six months ended 30 June 2026 amounted to HK$234.3 million (2025: HK$222.9 million). The percentage of research and development costs to revenue was 20.0%, at a level similar to that of the corresponding period of last year. Research and development during the period continued to focus on the research and development of security SE chip products and security microcontroller unit chip products, the continuous improvements of the performance of smart card products, the raising of product security certification levels, research in the application of secure element chips for the Internet of Things and Internet of Vehicles sectors, as well as the development of application systems and solutions.

OUTLOOK

Looking ahead, global market demand for smart cards and secure element chips is expected to remain stable. Domestic industry competition will continue to intensify. Driven by the rapid development of AI technology, the impact of rising demand for supply chain production capacity in the integrated circuits industry will extend into the second half of the year. Product production costs are expected to continue rising, which will pose challenges to the Group's operations. On the other hand, with the increasing demand for security in smart devices and the acceleration of the deployment of and the materialisation of large-scale development of eSIM applications, the scope of application for security SE chips and security microcontroller unit chips will continue to expand, potentially bringing new growth opportunities to the Group.

The Group will closely monitor domestic and international market demand, seize market development opportunities, actively expand into potential markets and sales channels, dynamically adjust production and marketing strategies, and continue to introduce a wider variety of more competitive products to better meet customer needs.

DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 June 2026 (2025: nil).

FINANCIAL REVIEW

The Group consistently employs a prudent treasury policy and generally finances its working capital requirements through internal resources, and bank and other borrowings. At 30 June 2026, the Group had cash and cash equivalents amounting to HK$857.4 million, of which 96.4% was denominated in Renminbi, 3.3% in United States dollars and 0.3% in Hong Kong dollars (31 December 2025: HK$617.1 million, of which 93.4% was denominated in Renminbi, 5.9% in United States dollars and 0.7% in Hong Kong dollars).

At 30 June 2026, the Group had bank and other borrowings of HK$287.9 million, all were due within one year and all were denominated in Renminbi (31 December 2025: HK$276.8 million, all were due within one year and all were denominated in Renminbi). Among these borrowings, (i) all were unsecured (31 December 2025: all were unsecured), and (ii) all were borrowed at fixed interest rates (31 December 2025: all were borrowed at fixed interest rates). At 30 June 2026, committed borrowing facilities available to the Group but not drawn amounted to HK$1,049.7 million.

At 30 June 2026, the Group did not pledge any assets as collateral for its borrowings (31 December 2025: nil).

The Group's revenue is mainly denominated in Renminbi and payments are denominated in Renminbi and Hong Kong dollars. The Group will make use of hedging contracts, when appropriate, to hedge the risk of foreign exchange fluctuation arising from its operations. The Group had not used any financial instrument for hedging purposes during the six months ended 30 June 2026.

At 30 June 2026, the Group had net current assets of HK$1,847.2 million (31 December 2025: HK$1,704.6 million). The gearing ratio of the Group is calculated as net debt divided by total equity and net debt of the Group. At 30 June 2026 and 31 December 2025, the Group was in net cash position.

At 30 June 2026, the Group did not have any material outstanding capital commitment for the acquisition of fixed assets and intangible assets (31 December 2025: nil). The Group did not have any material contingent liability at 30 June 2026 (31 December 2025: nil).

EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2026, the Group had approximately 480 employees, the majority of whom were based in Mainland China. Employee benefit expenses during the period were HK$203.9 million.

The Group recognises the importance of high calibre and competent employees and has a strict recruitment policy and performance appraisal scheme. Remuneration policies of employee are largely in line with industry practices, and are formulated on the basis of duties and performance and will be reviewed regularly. Bonuses and other rewards are determined with reference to the performance of the Group and of the individual employee.

The Group's employee training is divided into three levels: corporate level, departmental level and individual level. Corporate level training focuses mainly on cross-departmental and internal all-purpose trainings, such as new employee trainings, and quality and safety requirements trainings. Departmental level training focuses mainly on enhancing employee's knowledge and skills in departmental professional areas. Trainings for individuals act as a useful supplement to the above-mentioned trainings.

IMPORTANT EVENTS AFFECTING THE GROUP SINCE 30 JUNE 2026

As at the date of this announcement, the Board is not aware of any important event affecting the Group which had occurred since 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities (including treasury shares) and the Company had not redeemed any of its securities during the six months ended 30 June 2026.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving the best corporate governance practices by emphasising on accountability, transparency, independence, responsibility and fairness. The Company regularly reviews its corporate governance practices with reference to the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules. The Company has complied with all applicable code provisions in the CG Code throughout the six months ended 30 June 2026.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026.

PUBLICATION OF INTERIM REPORT

The 2026 interim report will be published on the website of the Company (www.cecht.com.cn) and on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

By Order of the Board
China Electronics Huada Technology Company Limited
Sun Jie
Chairman

Hong Kong, 27 August 2026

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Mr. Sun Jie (Chairman) and Mr. Qin Wei, two Executive Directors, namely Mr. Chang Feng (Deputy Chairman and Managing Director) and Mr. Wang Jian, and four Independent Non-executive Directors, namely Mr. Qiu Hongsheng, Mr. Chow Chan Lum, Ms. Huang Yaping and Mr. Fan Heng.