

Huawei revenue plunges further in 'challenging times'

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Chinese telecoms giant Huawei's second-quarter revenue plunged 38 percent, according to figures released Friday, with smartphone sales suffering from US sanctions and the offloading of its budget brand

Honor.

Huawei is at the centre of an intense US-China trade and tech rivalry after the government of former president Donald Trump voiced concern the company could be used for espionage.

The United States has provided no evidence of spying but has barred Huawei from acquiring technologies crucial to its operations such as microchips and cut it off from using Google's Android operating system.

For the first half of the year, Huawei's overall revenues were 320.4 billion yuan (\$49.6 billion), down 29 percent year on year, the Shenzhen-based firm said.

Its net profit margin was 9.8 percent, up slightly from the same period last year.

Huawei's consumer products division, which includes smartphones, achieved first-half sales of 135.7 billion yuan, down 47 percent from a year earlier.

A company spokesperson said the decline was due in part to the loss of Honor, which was sold by Huawei late last year to help it maintain access to components and survive.

Huawei's travails have forced it to quickly pivot into new business lines including enterprise computing, technology for intelligent vehicles, and software.

In an accompanying statement, rotating chairman Eric Xu said "our aim is to survive".

"These have been challenging times, and all of our employees have been

pushing forward with extraordinary determination and strength," he said.

Huawei is the world's biggest supplier of telecoms network gear and was once a top-three smartphone producer along with Apple and Samsung.

But it has fallen well down the smartphone ranks amid the US pressure, according to industry trackers.

Its networking gear has also been removed or delayed in a succession of Western countries on national security concerns.

Revenue for that segment of the business in the first half of 2021 was 136.9 billion, down 14.2 percent year on year.

A company spokesperson said Huawei had no plans for layoffs or sell-offs.

Another headache for the firm is the case of chief financial officer Meng Wanzhou—daughter of CEO and founder Ren Zhengfei—who is currently in Canada battling extradition to the United States.

Meng is accused of defrauding HSBC by falsely misrepresenting its links to a subsidiary that sold telecoms equipment to Iran, putting the banking giant at risk of violating US sanctions against Tehran.

Just days after Meng's arrest, China imprisoned two Canadians on espionage charges which was seen by Ottawa as retaliation for Meng's detention.

Both Canadians have been tried, but their verdicts are still unknown.

The US campaign against Huawei was launched under Trump but the current administration of Joe Biden has indicated there will be no let-up.

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