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# What China Telecom's 2026 interim report assumes, believes and expects

Source: China Telecom - interim report, 2026 (76 pages). Public document.

## Five assumptions worth your attention

These claims are never argued for directly, but the strategy depends on them.

DEMAND AND MARKET SIZE

### China Telecom is betting that demand for AI services will grow fast enough to make its large computing and model investments pay.

**Why it matters:** Intelligence Business revenue was RMB31.1 billion in the first half of 2026, up 7.1%, while intelligent computing revenue rose 95.0%. The report gives no forward demand or return threshold for the expanded supply of computing, Tokens, models and agents.

*What would prove or disprove it: Track Intelligence Business revenue, AI service usage and returns on computing investment in subsequent interim and annual reports.*

CAPACITY, SUPPLY CHAIN AND OPERATIONS

### The AI build-out assumes high utilization and suitable power, chips and customers will persist as computing capacity expands.

**Why it matters:** The report says intelligent computing utilisation reached 94%, capacity managed by Xirang exceeded 118.8 EFLOPS, and 16 data-centre campuses at the 100MW level had nearly 8GW total power capacity. It does not show whether demand or utilisation can absorb further additions at attractive returns.

*What would prove or disprove it: Compare disclosed computing capacity, utilisation, power consumption, AI revenue and capital expenditure in later reporting periods.*

GROWTH BEYOND THE CORE

### The plan assumes AI and integrated offers can create new value before pressure on traditional communications revenue erodes the core.

**Why it matters:** Operating revenue fell 4.1% year-on-year to RMB260,471 million, and industry telecommunications revenue fell 2.1% to RMB887.3 billion. Intelligence Business grew, but was 12.8% of principal-business revenue, leaving the strategy dependent on conversion into a material offset.

*What would prove or disprove it: Monitor comparable principal-business revenue, Communications and Intelligence Business revenue shares, and profit in later reports.*

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PRICING AND MARGINS

### Customer adoption assumes that bundled connectivity, devices, applications and partner privileges increase value without weakening margins.

**Why it matters:** Integrated subscribers exceeded 130 million and blended ARPU was RMB128; revenue from privilege partnerships increased 75% year-on-year. The report does not disclose the incremental acquisition cost, retention effect or margin of these bundled offers.

*What would prove or disprove it: Look for later disclosure of integrated-customer growth, ARPU, churn or retention, and profitability of bundled products.*

TECHNOLOGY AND PRODUCT EXECUTION

### The AI growth plan assumes security controls can keep pace with wider deployment and protect customer trust.

**Why it matters:** The report describes agent protection accuracy of over 97% and security-efficiency gains of over 50% in key links, while also saying cyber threats are growing and the network and data security system needs further improvement. Those capabilities must scale across the new services without incidents undermining adoption.

*What would prove or disprove it: Review subsequent disclosures for material security incidents, service disruptions, regulatory actions and measured security performance as AI deployment grows.*

## The fuller list

Sorted by how the document itself frames each claim.

| Category | Claim | Dimension | Source |
|---|---|---|---|
| *Stated outright* | The Board expects to distribute approximately RMB14,696 million as a 2026 interim dividend, equal to 75% of first-half profit attributable to equity holders. | Financing, liquidity and capital allocation | *Important Notice; Dividends* |
| *Stated outright* | The Company says demand-driven, returns-focused investment will support further computing-power infrastructure expansion. | Financing, liquidity and capital allocation | *Financial Review* |
| *Stated outright (risk framing)* | The Company says replacing old growth drivers with new ones remains challenging amid uncertain economic and policy conditions. | Macro, currency and commodity prices | *Potential Risks* |
| *Stated outright (risk framing)* | The Company says cyber threats, hybrid-cloud complexity and data-use challenges require further security-system improvements. | Legal, litigation and compliance | *Potential Risks* |
| *Stated outright (risk framing)* | The Company says sci-tech innovation and commercialisation of proprietary R&D outcomes need continuous improvement. | Technology and product execution | *Potential Risks* |
| *Stated outright (risk framing)* | The Company says emerging businesses in strategic and future industries carry risks as it seeks to expand them. | Growth beyond the core | *Potential Risks* |

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| Category | Claim | Dimension | Source |
|---|---|---|---|
| *Partly third-party* | The Company says its quantum-computing cloud capabilities ranked in the world's top tier, citing ICV TA&K's 2026 assessment. | Competition and market structure | *Company, citing ICV TA&K* |
| *Partly third-party* | The Company reports industry-leading AI security and cloud-network capabilities based partly on awards and assessments it cites. | Evidence and disclosure quality | *Company, citing award bodies* |
| *Asserted, no evidence shown* | The Company says customer operations AI is accurately matching packages to personalised needs and improving marketing conversion efficiency. | Technology and product execution | *Management discussion* |
| *Asserted, no evidence shown* | The Company says its high-value integrated customer base continued expanding, without providing a comparable retention or churn measure. | Customer and geographic concentration | *Management discussion* |
| *Aspiration, no numbers* | The Company aims to become a leading AI service provider and a service-oriented, technology-oriented and secured enterprise. | Growth beyond the core | *Chairman's Statement; Outlook* |
| *Aspiration, no numbers* | The Company aims to take the lead and set an example during the 15th Five-Year Plan period. | People, management and governance | *Chairman's Statement* |
| *Aspiration, no numbers* | The Company aims to make AI applications beneficial, secure and equitable through industry cooperation and governance frameworks. | Government, policy and regulation | *Management discussion* |
| *Implicit, derived from the figures* | First-half free cash flow of RMB28,927 million and capital expenditure of RMB32,448 million imply operating cash generation can fund investment and substantial distributions. | Financing, liquidity and capital allocation | *Financial Review; cash flows* |
| *Implicit, derived from the figures* | The reported 94% intelligent-computing utilisation assumes current utilisation can be sustained as new capacity comes online. | Capacity, supply chain and operations | *Management discussion* |
| *Standard legal boilerplate* | Forward-looking statements are not commitments, may differ materially from outcomes, and the Company says it will not update them. | Evidence and disclosure quality | *Important Notice* |

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