



Human Resources Development

The objective of our human resources development strategy is to enhance the Company's human capital value and operational capability. We have designed these strategies to support our strategic transformation into a broadband communications and multi-media services provider.

As of 31st December 2005, there were 138,440 full-time employees and 60,521 temporary employees in the Company.

Remuneration and Incentives

At the time that it listed its shares, the Company began to revise its remuneration and incentive system, and established a new remuneration and incentive scheme based on a system employing digital KPI (key performance indicators) performance assessments. The introduction of this new incentive scheme has improved staff motivation and efficiency. Through digital KPI performance management, strategic goals of the Company have been quantified and segmented for every employee, so that every individual employee can align himself or herself with corporate goals.

Staff Development and Organizational Reform

The Company believes that training is one of the most effective ways to promote individual competitiveness, satisfaction and loyalty. Management reform and streamlining has been a constant feature of our strategic transformation, and our corporate structure undergoes continual fine-tuning. Training is also a means to ensure smooth implementation of organizational reform and employees' adaptation to organizational reform and strategic transformation.

In 2005, the Company conducted a radical reform on the marketing & sales system in the northern service region with the introduction of a community manager system across the Company. In view of this, the Company developed special training programmes and trained 989 internal community manager coaches, who in turn trained the 36,000 community managers in the Company, thereby enabling the successful implementation of the marketing and sales channels reform. In addition, the Company also provided assistance to its staff in grasping the development trend of modern communication technologies by engaging renowned experts in the sector to conduct training on advanced communication network technologies. These training programmes enabled our staff to understand the importance of our strategic transformation and facilitated their adaptation of such transformation and reform.

In 2005, the Company increased its investment in staff training, especially for middle and senior management staff and core employees. In order to cope with requirements for listed companies, the Company entered into collaboration with a world-renowned investment bank to organize a management-training course. We now have 54 graduates of this program who are familiar with the concepts of corporate value management and capital markets. The Company has cooperated with leading universities in the PRC to develop two advanced English training courses to cope with the internationalization of the Company. A total of 60 employees have benefited from these courses. In order to accelerate the adoption of international best management practices, the Company has entered into a series of talent exchange programs with leading global telecommunication operators.



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Systematic and Detail-Oriented Management

With the aim of elevating the efficiency of our human resources management and information system, the Company embarked on the development of an e-HR system, which commenced operations in December 2005. As an integral part of our ERP system, the e-HR system provides a modern approach for the optimization of our human resources management.

Aiming for the Best in Human Resources Systems

The Company will continue to select, train and nurture senior management personnel and core employees in 2006 in order to support the Company's ongoing organizational reforms. Group training will be provided to division heads to impart an understanding of the rationale, objectives and initiatives of our transformation strategy. In addition, the Company will launch a series of mobile business and technology related training programs to prepare our staff for future developments in the mobile business.