

# 243,072

A total of 243,072 employees fully dedicated to serving our 223 million fixed-line subscribers and 28.32 million broadband subscribers

*We have been heavily investing in our people as their skills and dedications are essential to providing delightful and efficient services to our customers and hence to our success. We provide our talents with good training and opportunities to advance their career, realize their earnings potential and attain job achievement. Our talents have been empowered to tackle challenges from increasing and diverse demand from our customers, which is essential to our success on full services convergence offering.*





Our People – Sun Ying

# Human Resources Development

## SUMMARY

The Company has always been attaching great importance to human resources development, and considers its employees as the Company's most important asset and an essential foundation for the Company's long-term sustainable development. Being a long-established telecommunications services company, the Company has already built up rich human resources over the years. Based on this and its progressive transformation, the Company has proactively innovated and vigorously advanced the precise management of human resources and optimised the Company's human resources structure. Pursuant to the corporate culture which values the employees as the foundation of the enterprise, the Company shows more care for its employees and pays much attention to their personal development. Through human resources management and cultivation of employees' abilities,

the Company has strengthened the enthusiasm, initiative and creativity of its employees. At the same time, the Company made great efforts to build up a troupe of specialised, professional and high-quality workforce which is well managed and good at implementation. All these measures facilitate the growth of both the value of the Company and its employees.

In 2006, the Company intensified the reforms of its human resources system. By enforcing the job segmentation policy and sourcing for experienced and leading talents, the Company developed and promoted reforms relating to the human resources, labor and distribution systems in its emerging businesses. Leveraging market-oriented and innovative management, the Company facilitated its business development and strategic transformation.

## BASIC EMPLOYEES DISTRIBUTION

At the end of 2006, the Company had a total of 243,072 employees. The employees' distribution was as follows:

	No. of employees	Percentage
Management, Finance and Administration	38,899	16.0%
Sales and Marketing	113,342	46.6%
Operation and Maintenance	89,728	36.9%
Research and Development	1,103	0.5%
Total	243,072	100%

In addition, the Company had another 95,544 staff seconded by third parties.

In order to retain quality employees, the Company has adopted several effective measures. Firstly, it improved its salary incentive system by offering a merit-based remuneration scheme which rewards excellent employees for their outstanding performance and contribution. Secondly, the Company has also been constantly improving its promotion system, implementing an open and competitive recruitment policy within the Company and providing a conducive environment for

outstanding talents to stand out. Thirdly, the Company established a corporate annuity system which is open to all employees, with privileges given to employees holding key positions. The implementation of the corporate annuity system encourages employees to be more proactive, and which, by taking into account the contributions by the employees, works to retain talents. Fourthly, the Company implemented a Stock Appreciation Rights scheme for its senior management. This scheme closely links increases in the corporate value with appraisals of the performance and effectiveness of its senior management, hence preventing them from



Employees were participating in the professional knowledge training

running the business in a near-sighted manner. The necessary intertwining of the value of the Company and its shareholders with the interests of senior management encourages senior management to care more for the long-term development and interests of the Company and builds a sense of duty among them to create value for the shareholders. Finally, the Company has continued to improve its management system for outstanding talents. It actively developed a selection programme for identifying outstanding employees in order to build core teams. It has also provided these core teams with trainings tailored to their needs so as to enhance their overall working capability.

## ENRICHING HUMAN ASSETS, ENHANCING COMPETITIVENESS OF HUMAN RESOURCES

### 1. Strengthening of senior management team development, elevation of corporate leadership

The Company places much emphasis on the training of its directors and senior management. In 2006, the Company arranged for the directors and senior management training on corporate risk management by relevant experts so that they have more understanding of the latest developments in this field. Since 2006, the Company has been vigorously strengthening the

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development of its senior management team, in order to enhance their managerial skills that are crucial for strategic transformation. Firstly, the Company has strengthened the performance assessment of its senior management, kept track of the performance of their teams and operations in a timely manner, and strengthened its supervision of all levels of management teams. Secondly, the Company has organised leadership development programmes for its senior management. These programmes have shaped the preliminary framework for leadership development and management while accommodating the needs of the Company. Additionally, the Company pays close attention to cultivate future leaders at the provincial subsidiaries and has preliminarily built a successor team with excellent ability and morality, appropriate age and reasonable knowledge structure. This team will provide the key management talents for the success of the Company's strategic transformation and future development.

## 2. Improve training on technology and operation, enhance employees competence

The Company has established a comprehensive staff training framework which combines both in-house and third-party trainings, through the use of both in-class and online study. Over the past years, the Company has developed a large-scale and high quality internal training team which has been playing an important role in staff training. In addition, the Company also made the best use of the China Telecom E-University, providing free and convenient self-training facilities for its employees and offering better support to the technology and operational needs of its employees holding different positions.

In 2006, in addition to regular trainings, the Company held a number of sales and marketing skills trainings for various important transformation business projects like "Best Tone". The Company also organised a number of training sessions on the latest 3G technology.

## 3. Reforming the employment system, optimising human resources allocation

Since 2006, the Company has reinforced the reform of its human resources system. Through the implementation of its job segmentation policy, the Company actively attracted experienced talents and established an employee redeployment system so as to optimises its employee structure and meet the demand for different types of talents in the course of the Company's strategic transformation. On one hand, the Company set up a multi-channel system for recruiting talents which greatly increased the employment of various types of essential and experienced talents who were crucial for the Company's strategic transformation. On the other, by implementing measures such as job segmentation, the Company standardised its management of employees' contracts, reinforced its employee appraisal and other systems, built and optimised an employee redeployment system and increased the vitality of its human resources. In 2006, the Company achieved negative growth in the total number of staff, resulting in a further optimisation of its employee structure and a more reasonable allocation of human resources.

## BUILD A HARMONIOUS RELATIONSHIP WITH EMPLOYEES

All management personnel at various levels of the Company pay close attention to communicating with junior-level employees. Through measures such as conferences with employee representatives, employee communication and consultation systems, visits to the grass roots operation units and direct discussions with employees, the management obtained views and suggestions from employees. Meanwhile, they have sought to promote and explain to employees the important policies and measures regarding the Company's strategic transformation, reform and development. They have also studied and addressed problems raised by employees. In respect



of employee healthcare and welfare, the Company has implemented regular health checks for its staff and has established various interest clubs in accordance with the needs of its employees so as to ensure both of their physical and mental health. In addition, to ensure the safety of employees, regular supervisory checks on production safety have been carried out. In 2006, the Company has continued to further improve production safety, thereby ensuring that the health and safety of its employees are well protected.

Labour unions operating at different levels in the Company have established a “care-giving” system, under which union representatives visited and took care of employees in need and helping them solve their work and daily life problems during periods such as major festivals and natural disasters. Through the signing of a collective agreement, the Company protected legal interests of the employees, and granted special benefits (such as pregnancy and maternity leave) to female employees. The Company has also established a poverty assistance center to raise funds for employees who face difficulties in paying living and medical expenses due to sickness or natural disasters.

Telecommunications labour unions actively revolve around the strategic transformation of the Company and with its operations focusing on promoting the innovations of services, techniques and management, and elevating the standardised service level. Labour unions of different levels actively organised and participated in organising various types of collective economic and technological innovation activities, such as labour competitions, on-the-job technical training and staff suggestion schemes. In addition, they also organised and implemented the learning campaign and general discussion meetings for the strategic transformation, and insisted on creating innovative learning working groups to promote and ensure the development of a learning enterprise.

Labour unions insist on promoting corporate democratic management. They proactively enhance the corporate democratic management system with employee representative conferences as the basic framework, and have basically established a provincial employee representative conference system in the Company. Meanwhile, in accordance with the demand for establishing “a new model of corporate – employee relationship which is standardised, fair and reasonable, mutually beneficial, harmonious and stable”, the Company has reinforced the coordination of labour relations and further improved the system of equal negotiation on collective contracts amongst all levels of the Company. In addition, the Company has also established precautions investigation and dispute solving systems for labour relations, enhanced work force, and standardised operational processes.

The present remuneration mechanism of the Company is based on a position pay-scale basis. The salaries of staff members are determined with reference to their positions and performances. The Company offers equal payment for equal work. It does not discriminate its employees based on their gender.