

## HUMAN RESOURCES DEVELOPMENT

In 2005, efforts the Company made in respect of its human resources revolved around corporate transformation, guided by the philosophy that talents make a company prosperous and the people – oriented philosophy. Taking the route of transforming our teams and system, we explored new human resources management mechanisms in emerging business areas. We speeded up the reform of our labour force, personnel matters and remuneration system. We made obvious achievement in the control of the scale of workforce, structure optimisation, capability enhancement and energy buildup.

In order to establish a system of human resources management which focuses on qualities of human resources, in 2005, the Company commenced its study on the quality model. We worked with international well-known consulting groups to create staff quality dictionary consisting of groups from 9 position groups and 28 quality items. The establishment of the quality model has laid a sound foundation for the standardisation, personalised development and optimisation of human resources allocation.

The company has attached great importance to identifying, honoring and training people who have excellent performance and good potentials of development. In 2005, 206 outstanding employees were selected by the Company as outstanding workers of the Group, and were showered with ceremonious honor through many ways. Also, we have come up with proposals for assembling our working teams with the best people. We continued to make great effort in promoting their career development, and improving “Double Channels” system where the positions of management and positions of special technology can develop side-by-side. Based on position groups and quality model, we started career development design for each position group in detail.

In 2005, the Company also refined our remuneration system so that it will better match the track of our employee’s career development. Also, the remuneration package of our employees is more closely linked to the Company’s overall performance as well as their own performance. We controlled more strictly our personnel cost, and established a resources allocation model for labor costs so that on the one hand it will ensure that the overall costs be under control, and on the other hand, the allocation of labor costs have now become more scientific and rationalised.

In 2005, the Company continued its investment in the training of employees, thereby achieving a win-win situation where the competitive strengths of both the Company and the employees were enhanced. Through the year, 200,000 employees in companies of all levels had participated in various training programs for more than 40 hours, representing 81.6% of all the employees, of which there were 25,000 management employees and 175,000 professional employees joining various training

programs. The total person-time for training was 890,000 person-times, and the total length of training time was 1,630,000 person-days. Average time employees spent in training are 8.1 working days. In order to enhance the level of corporate management, the Company cooperated with well-know universities both in China and overseas in training our middle and high level management. We have also fully leveraged our corporate strengths and established China Telecom E-University so that our employees all over the country may register for the learning and training at any time. In 2005, 230,000 of our employees have participated in online learning, and average number of hours spent in the online learning was 37.8. China Telecom E-University has now become an effective platform for our staff to acquire more knowledge and improve their skills for their positions. This has become more and more important in the training of our staff and has effectively reduced our training costs.



Employees were participating in the training for “China Telecom E-University”