

Human Resources Development

In 2007, the Company continued its human resources development based on the philosophy of staff welfare should be the concern of an enterprise and talents being essential to the success of an enterprise. We strived on enhancing a “one CCS” human resources management system, focusing on the customer and market, aiming at “controlling total headcounts, optimizing human resources structure, enhancing capability and motivating staff enthusiasm”, the Company advocated customer service culture, integrated its human resources, optimized its organizational structure and provided staff training to nurture talents, in order to provide a strong manpower support to realize its strategies and objectives.

- **Basic Information on Employees**

In 2007, the Company successfully acquired the specialized telecommunications support businesses of China Telecommunications Corporation in 13 provinces (municipality and autonomous regions) including Jiangsu, Anhui, Hunan, Jiangxi, Sichuan, Chongqing, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai and Xinjiang. After the acquisition, there was an addition of 35,671 employees. By the end of 2007, the Company had a total of 106,931 employees, including 7,565 management staff, 35,656 technical and marketing personnel, and 63,710 operational personnel.

- **Strengthened Organizational and Human Resources Integration to Improve Overall Efficiency**

According to its overall strategies and objectives, the Company deepened its business reorganization, and further reduced the number of its subsidiaries. The total number of headcount was stringently under control and effective integration of employees from the newly acquired subsidiaries was achieved. The Company focuses on its customers, and established a three-tier customer service and sales and marketing teams, and established an overseas development team to further expand the overseas markets. The Company has perfected its business and management processes which further enhanced the operational efficiency and core competitiveness.

- **Controlled Total Headcount and Optimized Human Resources Structure**

The Company limited the headcount at its provincial companies and the total headcount has been reduced by 2.5%. On the other hand, the Company recruited approximately 300 marketing, customer services staff and graduates with a master degree or above. This has enriched our personnel resources. The Company has further optimized its human resources structure through strengthening its performance review and appraisal system and establishing an innovative employee utilization and redeployment system.

- **Enhanced Performance Appraisal System and Established a Sound Remuneration Incentive Mechanism**

The Company has improved its performance appraisal and incentive mechanism based on its key strategies. The Company has set up key performance appraisal indicators and established a performance appraisal system to cater for different levels of positions. The remuneration mechanism and allocation structure have been improved based on the concept “remuneration is based on contribution”. The Company has adjusted its remuneration incentives for different level of employees. The management is provided with middle and long-term incentives such as annual incentives and share appreciation rights. The operating results of the management are closely linked to the share appreciation rights so that the Company shares its interests with its shareholders.

- **Improved Training Program and Enhanced Employees Competence**

The Company has established a three-tier training system, namely trainings at the headquarters, provincial companies and professional companies, offering various training programs to the employees to improve their capabilities, and the Company’s management standard and services capability. Management in various provinces has been sent in two batches to Hong Kong for training which mainly includes listing related finance and management. In view of the practical requirements, various provincial companies have respectively organized several training programs for operation and management, 3G knowledge and technology. The Company has fully utilized its parent company’s online university to provide self-training for the employees which facilitates the development of both the Company and its employees.

- **Care for Employees and Develop a Harmonious Environment**

In 2007, the Group attached great importance to safety production environment for the employees. The health and safety of the employees were effectively safeguarded.