

Human Resources Development and Corporate Social Responsibility

Human Resources Development

In 2004, our human resources work revolved closely around corporate strategies and business development needs. While consistently subscribing to a management approach of "appreciating talent", and taking into account both our corporate characteristics and practical realities, we continued to accelerate the construction of a human resources management system with a competitive advantage. Through ceaselessly advancing and fine-tuning our human resources enhancement project, actively optimizing corporate organizational management, standardizing the hiring system, enhancing the efficiency, management and control of personnel costs, enhancing the employee performance management system, and stressing the importance of employee communication, training and development, the effect of human resources management on corporate development and performance improvement was gradually increasing.

In 2004, the Group began evaluation work on the human resources enhancement project jointly with a consulting company. The Group proactively followed up on the progress of the project's implementation and increased day-to-day communication, monitoring and supervision in relation to the project. To address problems arising during project implementation, the Group held training seminars and propelled the project towards a higher standard. To further enhance

the skills of management personnel of all levels in the use of performance management tools, the Group continued to train them in and consolidate their knowledge of performance management theories and techniques, and ensured the



Employees are participating in development training themed "Enhancing team spirit, surpassing oneself".

dissemination, monitoring, supervision and realization of the Company's various operational targets.

To further improve cohesion and inspire employee activism, so that the interests of employees would be more closely aligned with those of the Company and the shareholders, and to motivate employees to continuously create value for the Company, after the Company completed its acquisition of mobile telecommunications companies in ten provinces (autonomous regions) and other telecommunications assets in Mainland China in 2004, employee share options were issued to middle and senior managers and core technical employees of the 21 original subsidiaries, and to the middle and senior managers performing relevant functions in the newly acquired subsidiaries.

The Group has always unrelentingly trained and developed talents and enhanced the ability of its employees. To meet the needs of corporate development strategies, job specifications and employee development, the Group used methods and techniques such as talent exchange, on-the-job training, degree course training, and ability development programs to train and develop employees at all levels and in all fields. In 2004, the Group focused on nurturing professional talents in areas such as sales and marketing, data businesses, networks and tariff management. Through the interaction of talents among different management levels and regions, the Group has improved the quality of its employees, enriched their experience, allowed them to realize their potentials, raised the level of employee satisfaction, enhanced corporate efficiency and increased corporate and employee competitiveness.

The Group places the establishment of a standardized and unified human resources management information system on a high priority. It has set up and fine-tuned the system's management process and standardized the system's operating process, so that the practical benefits of the human resources management information system can be gradually realized.

Corporate Social Responsibility

The Group is concerned about and actively participates in community service. It contributes to the community through charitable activities, such as supporting environmental protection, subsidizing tuition fees for children who cannot afford schooling, providing aid to disaster-afflicted areas, as well as providing SMS donation service on a long-term basis to charitable organizations like the China Children and Teenagers' Fund and the China Welfare Fund for the Handicapped.

In 2004, to further and better fulfill its corporate social responsibility, to turn the practice of giving charitable donations into a standardized long-term system and to uphold the charitable concept that forms an integral part of the Company's strategies, the Board has passed a resolution to establish a charitable fund and a charitable fund committee in China through a wholly-owned Chinese subsidiary. The establishment of the charitable fund is currently in the planning stage. It is intended that the balance of the charitable fund will be maintained at approximately RMB200 million.

In December 2004, a violent earthquake with a strength of 9 on the Richter scale struck in the Indian Ocean and resulted in a tsunami disaster. The Group immediately took emergency action. Through the Group's international roaming SMS platform for well-wishing, the Group sent messages of condolence and SMSs containing hotline service numbers of Chinese embassies and organizations to its roaming subscribers in such regions, thereby providing assistance to compatriots in need. The Group also provided a SMS donation service, thus contributing to the disaster relief efforts.



"M-Zone" customers took part in the "Green Nanjing Walk for the Environment", actively promoting the environment protection awareness in general public, to create a greener environment together.

"Green Olympics" is one of the main themes for the 2008 Olympic Games to be held in Beijing. It is also a sign of China's determination and its solemn promise to use its best endeavors to develop its environmental protection industry. In order to draw the attention of the public to China's environmental protection cause and call upon the public to contribute to the creation of a green and healthy living environment, the Group launched a nationwide campaign in August 2004 to collect used handset batteries. During the campaign, collection boxes were placed in the Group's main retail outlets for the collection of spent or used handset batteries. For every spent or used handset battery collected, the Group donated one sapling to the China Green Foundation for use in the afforestation of areas around Beijing from which water or sandstorm originates.

The World's 400 Best Big Companies "Forbes"

Global 500 Largest Companies "Financial Times"

Info Tech 100 "Business Week"

Global 1000 Most Valuable Companies "Business Week"

Best IR from a Chinese Company "IR magazine Asia Awards 2004"

Best IR by a PRC Company "IR magazine China Awards 2004"

During 2004, the Company's outstanding performance has won

Recognitions & Acknowledgements

