



Frank J. Wang  
Executive Director & Deputy Chief Executive

March 9, 2004

Mr. Edmond Lau  
Secretary for Financial Services and the Treasury  
Financial Services and the Treasury Bureau (Financial Services Branch)  
18/F Tower 1, Admiralty Centre  
18 Harcourt Road  
Hong Kong

Dear Mr. Lau,

**Wing Hang Bank Limited (Merger) Bill**

I refer to the meeting of the LegCo Panel on Financial Affairs on 1 March 2004 in which the Hon. Ms Emily Lau requested the bank to provide information on the results of consultation of staff on any changes in staff benefits and redeployment plan for staff affected by the merger. I set out below the information as requested by Ms. Lau.

During the integration process, management has been transparent with respect to changes to be made across the organization. Management has circulated a monthly newsletter to staff of both banks describing the integration progress and key changes being implemented. Staff members were also informed of benefit changes in writing. On top of this, meetings and informal discussions with staff representatives were regularly conducted. As I have explained at the Panel meeting, staff benefits in general have actually improved versus the original package.

Since the announcement of the acquisition of Chekiang First Bank, both banks have been very restricted in hiring staff to fill vacancies, in anticipation of redeploying existing staff members to these positions. In addition to this, with the expected business growth, management has identified several areas within the bank including planned new branches, where additional staff members will be required. Given these two occurrences, management expects that most staff members will be redeployed into these positions, and some of this redeployment has already occurred. To enable redeployment of affected staff, the bank has allocated substantial resources for retraining these employees. This redeployment philosophy has been communicated to employees since the acquisition. We have also set up email/drop box communication, as well as establishing independent feedback channels at our consultant, A.T. Kearney, to solicit staff views on the redeployment programme. So far, we have not received any negative feedback from our staff.

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DATE/TIME 4/3/04

*12:00 pm*



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WING HANG BANK, LTD.

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In summary, we have taken the necessary steps to consult with our employees on a timely and transparent basis, and will continue to do this going forward. I hope this information helps to reaffirm that we have consulted adequately with our staff members to ensure employee satisfaction.

Yours truly,

A handwritten signature in cursive script that reads "Frank J. Wang".

Frank J. Wang

Executive Director & Deputy Chief Executive