

26 February 2003

**Circular Letter : SU/COT/2003/001**

**To: All employers of ORSO defined benefit schemes**

Your ORSO scheme No:

Dear Sirs,

**Occupational Retirement Schemes Ordinance (“the Ordinance”)**  
**Funding of ORSO defined benefit schemes**

Being employers of ORSO defined benefit schemes, you may be well aware that under section 31 of the Ordinance, the actuary of a defined benefit scheme is required to undertake actuarial review once every 3 years to ascertain the solvency position of the scheme. Annual actuarial review is required if the last actuarial certificate reported that the financial position of the scheme was insolvent or was expected to be insolvent. In accordance with the written undertaking to the administrator of the scheme, an employer is required to fund the scheme in accordance with actuarial recommendations. Any shortfall as identified by the actuary must be made good within three years or a shorter period as agreed on between the relevant employer and the administrator of the scheme.

Furthermore, the Statement of Standard Accounting Practice – Employee Benefits, “SSAP 34” issued by the Hong Kong Society of Accountants in December 2001 prescribes the accounting/disclosure requirements for employee benefits, including in particular, the reporting of pension benefits.

In view of the continued global economic downturn which might cause deterioration of the solvency ratio of defined benefit schemes, and the impact of the adoption of new accounting standard under SSAP 34 on your company’s financial statements, you are advised to assess the financial positions of your scheme to ensure obligations to scheme members are met.

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Should you have any queries regarding the above, please contact Ms. Ida Ng on

2292 1505 or Ms. Michelle Leung on 2292 1128.

Yours faithfully,

(Hendena Yu)  
Chief Operating Officer  
(Compliance)

cc. Trustee of the scheme