(Translation)

**Minutes of the 435th Meeting of the**

**Kadoorie Agricultural Aid Loan Fund Committee (KAALFC)**

**Held at 3:00 p.m. on Thursday, 3 December 2015**

**in Room 701A, 7th Floor, AFCD Headquarters,**

**Cheung Sha Wan Government Offices, Kowloon**

**Present**

 Dr. LEUNG Siu-fai, JP Chairman

 (Director of Agriculture, Fisheries and Conservation)

 Dr. S. T. CHIU Member

 Ms. Judy KIU Member

 Mr. Eric TAM Member

 Ms. M. L. CHUNG Member

 Mr. William LEE, JP Member

 Dr. K. K. LIU, JP Member

 (Assistant Director (Agriculture))

 Mr. Chris FUNG Secretary

 (Agricultural Officer (Development))

**In Attendance**

 Mr. Alex CHEUNG Senior Treasury Accountant

Dr. K. W. PAU Senior Agricultural Development Officer

 Mr. K. H. CHAN Senior Fisheries Officer (Fisheries Supporting Services)

 Mr. Jack TAM Official Languages Officer II

**Opening Remarks**

40/15 The Chairman welcomed everyone to the meeting, especially a new member Mr. William LEE, JP, who attended the meeting for the first time.

Agenda Items

**I. Guideline on Declaration of Interest**

41/15 Mr. Chris FUNG presented the guideline and members noted the contents.

**II. Confirmation of Minutes of the Last Meeting**

42/15 The minutes of the 434th KAALFC meeting were confirmed with the following amendments:

Para. 36/15 of the Chinese version:

To replace “……以兩個基金現時存放於銀行的金額約2,500萬元計算……”

by

“……以兩個基金的定期存款總額約2,500萬元計算……”

Para. 36/15 of the English version:

To replace “……the bank balance of the two Funds totalled about $25 million……”

by

“……the fixed deposits of the two Funds totalled about $25 million……”

**III. Discussion of KAALF Schedules and Report on Loans**

1. Schedule A1 – Cash Statement of the KAALF for the Quarter Ending 30 September 2015

43/15 Mr. Alex CHEUNG reported that the total asset of the KAALF as at 30 September this year was about $15.07 million, of which the total amount of outstanding normal loans stood at about $5.04 million, similar to that in the same period last year, involving four overdue cases. The bank balance stood at about $9.98 million for normal loans. Fixed deposits decreased from about $9.05 million in the same period last year to about $8.98 million this year, with an average interest rate of around 0.96%.

44/15 Mr. Alex CHEUNG continued that the total amount of outstanding special loans to mariculturists affected by red tide stood at about $1.55 million, involving five overdue cases. Senior Fisheries Officer Mr. K. H. CHAN would report on the recovery progress later.

1. Schedule A2 – Summary of Outstanding Loans of the KAALF for the Quarter Ending 30 September 2015
2. Normal Loans

45/15 Dr. K. W. PAU reported that as at 30 September this year, there were a total of 56 outstanding normal loans involving about $5.04 million, including four overdue cases of about $76,000. An overdue case of $1,600 involved a mushroom farmer, who was being pursued through established procedures. The remaining three overdue cases involved marine or pond fish, which would be reported by Mr. K. H. CHAN later.

46/15 Mr. K. H. CHAN reported that the three overdue cases involving fish culture had been referred to the Department of Justice (D of J) for assistance. In one of the cases involving marine fish, the borrower repaid $20,000 in August, reducing the outstanding principal to $20,000. In response to the Department’s recent enquiry on the repayment situation, D of J recommended allowing the borrower more time to make repayment, taking account of the minute outstanding amount, and that the borrower had already repaid part of it recently. D of J would continue to urge repayment from the borrower, with a view to fully recovering the outstanding amount. As for the two cases involving pond fish, the borrower of one of the cases had repaid $7,000 to D of J, which had in October returned it to the KAALF. In October, the borrower had repaid $1,000 further, which was currently in D of J’s custody. These two amounts were not included in the accounting records, which were up to 30 September. On 31 August, the borrower of another case repaid $3,000, which was currently in D of J’s custody. The Department had requested D of J to return the amount to the KAALF as soon as possible. Furthermore, the Department would contact D of J regularly to enquire on the situation of the three cases. D of J pointed out that there had been progress for all the three cases; it would continue to monitor the situation for the Department.

1. Special Loans Issued to Mariculturists Affected by Red Tide

47/15 Mr. K. H. CHAN pointed out that, unlike normal loans, one-off special loans were granted under the Scheme established in 1998 to mariculturists affected by the red tide that occurred in the same year. As the loans were funded by the government, the amounts recovered would all be returned to the government. A total of 832 loans involving about $130 million had been granted under the Scheme. As at 30 September this year, there were five overdue cases. The principal of one of the cases, about $92,000, had been fully repaid and was currently in D of J’s custody. After receiving the amount from D of J, the Department would return it to the government. As for the other four cases, which had been followed up by D of J, four borrowers had jointly and severally covenanted to repay the loans, involving about $1.46 million. However, the guarantor of the four loans had passed away. After D of J had noticed that there were individuals who intended to administer the deceased’s estate, it tried repeatedly to contact the individuals in question, but received no response from their lawyers; D of J had therefore applied to the Probate Registry, so that anyone intended to administer the guarantor’s estate would have to seek prior approval of D of J. The Department enquired D of J recently whether it would consider writing off the outstanding amount. D of J responded that it would reply to the Department’s enquiry in due course.

48/15 The Chairman concluded that, after 17 years since its implementation, the Scheme would come to an end upon recovery of the four remaining loans. Given the principle of prudent public financial management, the Department would continue with its endeavour to recover the outstanding amounts, take account of D of J’s advice.

**IV. Discussion of J. E. Joseph Trust Fund Schedules and Report on Loans**

1. Schedule B1 – Cash Statement of the J. E. Joseph Trust Fund for the Quarter Ending 30 September 2015

49/15 Mr. Alex CHEUNG reported that as at 30 September this year, the J. E. Joseph Trust Fund (the Trust Fund) had received about $800,000 of loan repayments in the quarter, resulting in a drop of its outstanding loan balance from about $2.20 million in the same period last year to about $1.05 million this year. The bank balance of the Trust Fund was about $18.17 million, in which fixed deposits increased from about $16.10 million in the same period last year to about $17.88 million this year, with an average interest rate of around 1.02%. The total assets of the Trust Fund increased to $19.27 million.

1. Schedule B2 – Summary of Outstanding Loans of the J. E. Joseph Trust Fund for the Quarter Ending 30 September 2015

50/15 Dr. K. W. PAU reported that as at 30 September this year, there were a total of eight loans involving about $1.05 million of outstanding loans, among which one was a special loan granted in early years for assisting chicken farmers to install bird-proof metal meshes for preventing avian influenza. Loans totalling $9.20 million had been granted to 22 farms and about $9.07 million (i.e. about 99%) had been repaid. The borrower of the remaining outstanding loan, involving $133,000, applied for deferred repayment in 20 instalments successfully in mid-March this year. The outstanding amount was expected to be fully repaid by the end of next year. There was no overdue cases under the Trust Fund at the moment, which was the same as the situation of the last quarter.

**V. Any Other Business**

51/15 Members raised no other issues to be discussed.

**VI. Date of Next Meeting**

52/15 The next meeting was tentatively scheduled at 3:00 p.m. on Thursday, 2 June 2016.

53/15 The meeting was adjourned at 3:20 p.m..

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