(Translation)

**Minutes of the 436th Meeting of the**

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

**Held at 3:00 p.m. on Thursday, 2 June 2016**

**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. William LEE, JP Member

 Dr. K. K. LIU, JP Member

 (Assistant Director (Agriculture))

 Mr. T. M. WU Secretary

 (Agricultural Officer (Agricultural Extension) (Atg))

**In Attendance**

 Mr. Alex CHEUNG Senior Treasury Accountant

Dr. K. W. PAU Senior Agricultural Officer (Extension and Funds)

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

 Mr. Jack TAM Official Languages Officer II

**Absent with Apologies**

 Mr. Eric TAM Member

 Ms. M. L. CHUNG Member

**Opening Remarks**

1/16 The Chairman welcomed everyone to the meeting.

Agenda Items

**I. Guideline on Declaration of Interest**

2/16 Members noted the contents of the guideline.

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

3/16 The minutes of the 435th KAALFC meeting were confirmed without amendment.

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

1. Schedule A1 – Cash Statement of the KAALF for the Quarter Ending 31 March 2016

4/16 Mr. Alex CHEUNG reported that the total asset of the KAALF as at 31 March this year was about $15.09 million, of which the total amount of outstanding normal loans stood at about $5.02 million, involving four overdue cases. The bank balance of the KAALF stood at about $10.03 million. Fixed deposits decreased from about $8.54 million in the same period last year to about $6.39 million this year, with an average interest rate of around 0.86%.

5/16 Mr. Alex CHEUNG continued that the total amount of outstanding special loans to mariculturists affected by red tide stood at about $1.48 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 31 March 2016
2. Normal Loans

6/16 Dr. K. W. PAU reported that as at 31 March this year, there were a total of 58 outstanding normal loans involving about $5.02 million, including four overdue cases of about $67,300. An overdue case of $1,000 involved a mushroom farmer, who was being pursued through established procedures. The remaining three overdue cases involved a mariculturist and pond fish farmers, which would be reported by Mr. K. H. CHAN later.

7/16 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 the case involving a mariculturist, the outstanding principal was $20,000. In response to the department’s recent enquiry about the repayment situation, D of J advised that in February this year, the borrower as well as the guarantor had been served a reminder in writing again for repayment. As for the two cases involving pond fish farmers, the borrower of one of the cases had reached an agreement with D of J on repaying $1,000 per month, with outstanding principal currently stood at about $38,000. The borrower had earlier repaid $4,500, which was temporarily in D of J’s custody and not yet returned to the KAALF, thus not shown in the accounting records. Similarly, the borrower of another case had repaid $3,000, which was not yet returned by D of J to the KAALF either, thus not reflected in the accounting records. The outstanding principal owed by the borrower currently stood at about $500.

1. Special Loans Issued to Mariculturists Affected by Red Tide

8/16 Mr. K. H. CHAN pointed out that one-off special loans were funded by the government and granted under the Scheme established in 1998 to mariculturists affected by the red tide that occurred in the same year. A total of 832 loans involving about $130 million had been granted under the Scheme. As at 31 March this year, there were only four actual overdue cases, but appeared to be five in the accounting records. The principal of one of the cases had been fully repaid, but about $28,000 of which had not yet returned by D of J to the KAALF. As for the other four cases, which had also been followed up by D of J, four borrowers had jointly and severally covenanted to repay the loans, involving about $1.46 million. However, all the borrowers had gone bankrupt, and the bankruptcy orders had been discharged in 2006 to 2012. Furthermore, 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. In the past few years, D of J entered a caveat in the Probate Registry at half-yearly intervals, 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 if no progress was observed after entering a caveat in the Probate Registry again, it might recommend that the Department consider writing off the outstanding amount.

**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 31 March 2016

9/16 Mr. Alex CHEUNG reported that as at 31 March this year, the J. E. Joseph Trust Fund (the Trust Fund) had received about $420,000 of loan repayments in the quarter, resulting in a drop of its outstanding loan balance from about $2.06 million in the same period last year to about $720,000 this year. The bank balance of the Trust Fund was about $18.55 million, in which fixed deposits increased from about $16.80 million in the same period last year to about $17.95 million this year, with an average interest rate of around 0.89%. The total assets of the Trust Fund increased to $19.31 million.

1. Schedule B2 – Summary of Outstanding Loans of the J. E. Joseph Trust Fund for the Quarter Ending 31 March 2016

10/16 Dr. K. W. PAU reported that as at 31 March this year, there were a total of six loans involving about $720,000 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. The only outstanding special loan, involving about $70,000, was expected to be fully repaid by the end of this year.

**V. Any Other Business**

11/16 The Chairman pointed out that large-scale red tides occurred from the end of December last year to early this year. Massive fish kills were observed in some of the fish culture zones, causing heavy losses. In this regard, the Department rolled out special arrangements, and sought members’ advice thereon by circulation. Mr. K. H. CHAN would report on the relevant details.

12/16 Mr. K. H. CHAN reported that from the end of December last year to February this year, red tides occurred in the north-eastern waters of Hong Kong, leading to massive fish kills in a number of fish culture zones. The Department, in response, provided one-off special loans to assist affected mariculturists in re-establishing their business. Several terms of the special loans had been made more favourable, including raising the ceiling of unsecured loans from $130,000 to $200,000, with interest rate remained at 0.007%; lowering the interest rate for loans over $200,000 from 4.0833% to 2.04515%; and extending the loan period from two years to three years. As the weather in early March was still cold, mariculturists might prefer to wait until the weather became warmer before applying for loans to purchase fish fry. To allow ample time for mariculturists to submit applications, the application period of the special loans was extended to about four months. In March this year, the Department had informed the affected mariculturists in writing that they could apply for the loans on or before 30 June. Nonetheless, the mariculturists’ demand for the loans was lower than expected; the Department had, up till this moment, received only two applications, which were currently being processed. The Department would keep in view the mariculturists’ need for loans. In addition, the Department also offered grants under the Emergency Relief Fund for mariculturists to assist them in re-establishing their business. Currently, more than 200 mariculturists had successfully applied for the Fund. Regarding the above arrangements for special loans, the Department had earlier sought members’ advice by circulation, and received swift response from members.

13/16 The Chairman thanked members for their quick response to the Department’s consultation, and announced that the above arrangements had been put in place.

**VI. Date of Next Meeting**

14/16 The next meeting was tentatively scheduled at 3:00 p.m. on Thursday, 1 December 2016.

15/16 The meeting was adjourned at 3:20 p.m..

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