KADOORIE AGRICULTURAL AID LOAN FUND REPORT
FOR THE PERIOD 1 APRIL 2024 TO 31 MARCH 2025

This Report is submitted in accordance with section 12(3) of the Kadoorie Agricultural Aid Loan Fund Ordinance (Cap. 1080).

2. The Fund was established in 1955 under the Kadoorie Agricultural Aid Loan Fund Ordinance with a capital of $500,000. Half of this sum was donated by the Hong Kong Government and the other half by Lord KADOORIE, L.L.D., J.P. and Sir Horace KADOORIE, J.P. The Government further donated $750,000, $500,000 and $500,000 in 1957, 1960 and 1971 respectively. The Kadoorie brothers also generously donated another $500,000 in 1971, bringing the capital of the Fund to $2,750,000.

3. Loans from this Fund are normally granted to farmers and fish farmers to meet their development and working capital needs. Loan purposes include the purchase of necessary inputs for production such as stocks, feed, fertilizers; and the improvement of farm facilities for enhancing productivity and meeting environmental protection requirements.

4. The Fund is vested in the Director of Agriculture, Fisheries and Conservation as the Trustee and administered by a Committee. Apart from receiving and endorsing various cash statements and loan schedules, the Committee reviews loan interest rates in accordance with the prevailing bank lending rates and the prevailing economic situation of the agricultural and fisheries sectors.

5. During 2024-25, a total of 24 normal loans amounting to $3,950,000 were approved to farmers and fish farmers as working capital. As at 31 March 2025, the outstanding balance of normal loans was $4,617,500.

6. The Fund, including an accumulated surplus of $14,156,634, stood at $16,906,634 as at 31 March 2025.

7. A copy of the signed and audited Statement of Accounts of the Fund for the year is attached herewith.

For and on behalf of the
Kadoorie Agricultural Aid Loan Fund Committee
LAI Kin-ming, Mickey
Trustee

Encl.

Kadoorie Agricultural Aid Loan Fund

Financial statements for the year ended 31 March 2025

Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report
To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Kadoorie Agricultural Aid Loan Fund set out on pages 4 to 13, which comprise the balance sheet as at 31 March 2025, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the financial statements of the Kadoorie Agricultural Aid Loan Fund are prepared, in all material respects, in accordance with section 12(1) of the Kadoorie Agricultural Aid Loan Fund Ordinance (Cap. 1080) and the accounting policies set out in note 2 to the financial statements.

Basis for opinion

I conducted my audit in accordance with section 12(2) of the Kadoorie Agricultural Aid Loan Fund Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Kadoorie Agricultural Aid Loan Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Director of Agriculture, Fisheries and Conservation for the financial statements

The Director of Agriculture, Fisheries and Conservation is responsible for the preparation of the financial statements in accordance with section 12(1) of the Kadoorie Agricultural Aid

Loan Fund Ordinance and the accounting policies set out in note 2 to the financial statements, and for such internal control as the Director of Agriculture, Fisheries and Conservation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Agriculture, Fisheries and Conservation is responsible for assessing the Kadoorie Agricultural Aid Loan Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Kadoorie Agricultural Aid Loan Fund's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Agriculture, Fisheries and Conservation; and

— conclude on the appropriateness of the Director of Agriculture, Fisheries and Conservation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Kadoorie Agricultural Aid Loan Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Kadoorie Agricultural Aid Loan Fund to cease to continue as a going concern.

I communicate with the Director of Agriculture, Fisheries and Conservation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Ms Elaine Chang
Principal Auditor (Acting)
for Director of Audit

17 June 2025

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

KADOORIE AGRICULTURAL AID LOAN FUND

Balance Sheet as at 31 March 2025

	Note	2025 HK$	2024 HK$
ASSETS			
Non-current Assets			
Loans receivable	3	**850,000**	800,000
Current Assets			
Loans receivable	3	**3,767,500**	3,558,000
Interest receivable	4	**91,188**	166,930
Time deposits with original maturities over three months		**6,717,170**	8,745,620
Cash and cash equivalents	5	**5,480,776**	3,193,395
		16,056,634	15,663,945
		16,906,634	16,463,945
KADOORIE AGRICULTURAL AID LOAN FUND			
Capital		**2,750,000**	2,750,000
Accumulated surplus		**14,156,634**	13,713,945
		16,906,634	16,463,945

The accompanying notes 1 to 9 form part of these financial statements.

(LAI Kin-ming, Mickey)
Director of Agriculture, Fisheries and Conservation
Trustee of the Kadoorie Agricultural Aid Loan Fund
17 June 2025

KADOORIE AGRICULTURAL AID LOAN FUND

Income and Expenditure Account
for the year ended 31 March 2025

	2025 HK$	2024 HK$
INCOME		
Loan interest income	**35,136**	15,847
Bank interest income	**407,553**	478,436
	442,689	494,283
EXPENDITURE	**-**	-
SURPLUS FOR THE YEAR	**442,689**	494,283
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**442,689**	494,283

The accompanying notes 1 to 9 form part of these financial statements.

KADOORIE AGRICULTURAL AID LOAN FUND

Statement of Changes in Equity
for the year ended 31 March 2025

	Capital HK$	Accumulated surplus HK$	Total HK$
Balance at 1 April 2023	2,750,000	13,219,662	15,969,662
Total comprehensive income for 2023-24	-	494,283	494,283
Balance at 31 March 2024 and 1 April 2024	2,750,000	13,713,945	16,463,945
Total comprehensive income for 2024-25	-	442,689	442,689
Balance at 31 March 2025	**2,750,000**	**14,156,634**	**16,906,634**

The accompanying notes 1 to 9 form part of these financial statements.

KADOORIE AGRICULTURAL AID LOAN FUND

Statement of Cash Flows
for the year ended 31 March 2025

	Note	2025 HK$	2024 HK$
Cash flows from operating activities			
Surplus for the year		**442,689**	494,283
Adjustments for:			
Loan interest income		**(35,136)**	(15,847)
Bank interest income		**(407,553)**	(478,436)
Loan interest received		**18,523**	2,424
Increase in loans receivable		**(259,500)**	(1,057,500)
Decrease in receivable from the Department of Justice		**-**	13,025
Net cash used in operating activities		**(240,977)**	(1,042,051)
Cash flows from investing activities			
Net decrease in time deposits with original maturities over three months		**2,028,450**	2,018,641
Bank interest received		**499,908**	412,040
Net cash from investing activities		**2,528,358**	2,430,681
Net increase in cash and cash equivalents		**2,287,381**	1,388,630
Cash and cash equivalents at beginning of year		**3,193,395**	1,804,765
Cash and cash equivalents at end of year	5	**5,480,776**	3,193,395

The accompanying notes 1 to 9 form part of these financial statements.

KADOORIE AGRICULTURAL AID LOAN FUND

Notes to the financial statements

1. GENERAL

The Kadoorie Agricultural Aid Loan Fund (the Fund) was established for the purpose of encouraging or improving agriculture in Hong Kong by the issue of loans to farmers in accordance with section 6 of the Kadoorie Agricultural Aid Loan Fund Ordinance (Cap. 1080).

The Fund is vested in the Director of Agriculture, Fisheries and Conservation as the Trustee and administered by the Kadoorie Agricultural Aid Loan Fund Committee (the Committee). The address of the Fund's principal place of business is 5th Floor, Cheung Sha Wan Government Offices, 303 Cheung Sha Wan Road, Kowloon.

2. MATERIAL ACCOUNTING POLICIES

(a) Financial reporting framework

The Fund has adopted a financial reporting framework incorporating the accounting policies approved by the Committee and applicable requirements of HKFRS Accounting Standards, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). Material accounting policies adopted by the Fund are set out below.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on an accrual basis and under the historical cost convention.

The preparation of financial statements in conformity with the Fund's financial reporting framework requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Impact of new and revised HKFRS Accounting Standards

The HKICPA has issued certain new or revised HKFRS Accounting Standards which are first effective or available for early adoption for the current accounting period of the Fund. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. These include the following which may be relevant to the Fund.

	Effective for accounting periods beginning on or after
HKFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027

The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

(d) Recognition of income

(i) Interest income from loans is recognised in accordance with the terms set out in the individual loan agreements.

(ii) Interest income from bank deposits is recognised as it accrues using the effective interest method.

(e) Financial assets

The Fund's financial assets include loans receivable, interest receivable, time deposits and cash and cash equivalents, and are recognised when the Fund becomes a party to the contractual provisions of the instrument. Loans receivable are stated at cost. Other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of financial assets, and subsequently measured at amortised cost, net of loss allowance, if any.

When the repayment of a loan becomes doubtful, a provision is made and charged to the income and expenditure account. A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire or the Fund has transferred substantially all the risks and rewards of ownership of the asset.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and time deposits with original maturities within three months.

3. LOANS RECEIVABLE

	2025 HK$	2024 HK$
Balance at beginning of year	**4,358,000**	3,300,500
Loans issued during the year	**3,950,000**	4,020,000
	8,308,000	7,320,500
Loans repaid during the year	**(3,690,500)**	(2,962,500)
Balance at end of year	**4,617,500**	4,358,000
Classified as:		
Non-current assets	**850,000**	800,000
Current assets	**3,767,500**	3,558,000
	4,617,500	4,358,000

As at 31 March 2025, there was no loan approved but not yet issued (2024: Nil).

4. INTEREST RECEIVABLE

	2025 HK$	2024 HK$
Loan interest receivable	**30,543**	13,930
Bank interest receivable	**60,645**	153,000
	91,188	166,930

5. CASH AND CASH EQUIVALENTS

	2025 HK$	2024 HK$
Time deposits with original maturities within three months	**4,116,677**	2,368,904
Cash at bank	**1,364,099**	824,491
	5,480,776	3,193,395

6. FINANCIAL RISK MANAGEMENT

The Fund's financial instruments include loans receivable, interest receivable, time deposits and cash at bank. The major risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum exposure to credit risk of the financial assets of the Fund at the reporting date is equal to their carrying amounts. The Fund limits its exposure to credit risk arising from time deposits and bank balances by transacting with reputable licensed banks in Hong Kong.

The credit quality of time deposits and bank balances, analysed by the ratings designated by Moody's, at the reporting date is shown below.

	2025 **HK$**	2024 HK$
Time deposits and bank balances, by credit rating		
Aa1 to Aa3	**1,364,099**	824,491
A1 to A3	**10,833,847**	11,114,524
	12,197,946	11,939,015

The Fund closely monitors the granting of credit, and considers that adequate provision has been made, where necessary, for loan amounts the repayments of which become doubtful. Applicants for loans above HK$200,000 (2024: HK$200,000) are usually required to provide land-based properties as security.

Ageing analyses of loans that were past due at the reporting date are as follows:

	2025 **HK$**	2024 HK$
Loans that were past due for:		
Less than 1 year	**32,500**	127,000
2 years to less than 3 years	**-**	156,000
3 years to less than 4 years	**156,000**	-
	188,500	283,000

Ageing analyses of interest receivable that was past due at the reporting date are as follows:

	2025 HK$	2024 HK$
Interest receivable that were past due for:		
Less than 1 year	-	34
2 years to less than 3 years	-	6
3 years to less than 4 years	8	-
	8	40

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund's time deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. As they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus/deficit for the year.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to cash flow interest rate risk as it has no financial instruments bearing interest at a floating rate.

7. CAPITAL MANAGEMENT

The capital structure of the Fund consists of capital and accumulated surplus. The Fund's objectives when managing capital are:

(a) to comply with the Kadoorie Agricultural Aid Loan Fund Ordinance; and

(b) to maintain a strong capital base for carrying out the purpose of the Fund as stated in note 1 above.

The Fund manages its capital to ensure that the capital level is adequate to fund future issue of loans and expenditure, taking into account its projected cash flow requirements, future financial obligations and commitments.

8. COST OF ADMINISTERING THE FUND

The cost of administering the Fund was borne by the Government of the Hong Kong Special Administrative Region in accordance with section 13 of the Kadoorie Agricultural Aid Loan Fund Ordinance.

9. FAIR VALUES OF FINANCIAL ASSETS

All financial assets are stated in the balance sheet at amounts equal to or not materially different from their fair values.