

Our Ref: AJ
Your Ref:



18 July 2019

**By Email: adrian.smythe@asx.com.au
Original forwarded by Post**

Adrian Smythe
Manager, Listings Compliance
ASX Limited
20 Bridge Street,
Sydney NSW 2000

Dear Adrian

**Dongfang Modern Agriculture Holding Group Limited ACN 604 659 270
(DFM)**

We refer to your letter of 13 June 2019.

We are instructed to answer your queries as follows:

1. The reasons for the resignations differ. The company believes that the two independent directors Michael Choi and Dan Lin resigned as a result of rumours that were circulating that officers from the local government in the Ganzhou City region had interviewed staff on the plantations operated by the company and were investigating any criminal connections. These rumours were not true. Because the independent directors could not investigate this rumour for themselves by visiting the plantations they tendered their resignation due to the seriousness of the rumours even though the rumours were false.

The other 2 directors resigned because the 2 independent directors had resigned. CEO Mr Chiu So resigned also because he was seeking another career development.

The company secretary resigned due to the sudden resignation of the two independent directors as well as the CEO without explanation.

The ASX will be notified immediately replacement directors and company secretary are appointed.

2. See attached (apart from the resignation of Dan Lin a copy of which was emailed to you on 21 June 2019 but which we cannot print to provide you with a copy).
3. No.
4. Company is actively looking for replacement directors and company secretary. The company has engaged a firm to seek appropriate directors to replace those who resigned. This is taking a while due to the issues with the 4 of the 5 directors having resigned. The reputation,

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A handwritten signature in black ink, appearing to be the initials "AJ" or similar, located at the bottom right of the page.

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suitability and stableness of director candidates are also important to all shareholders, and it is a timely recruitment process. The company is endeavouring to make substitute appointments as soon as it can. Mr Hongwei Cai is now an Australia permanent resident and ordinarily resides in Australia. The Company is aware of its obligations under the Corporations Act, 2001 and the Listing Rules.

5. I will be the contact for the time being.
6. No. Mr Cai was not aware that he was in breach of section 4.2 of the Trading Policy and therefore did not contact Michael Choi. However there was no insider trading involved and the trading did not affect the share price. However he is now aware of the requirements and will endeavour to ensure future compliance.
7. N/A.
8. The Company will deduct one-half of Mr Cai's director's fees by reason of the default.
9. The resignation of the directors has nothing to do with the breach of section 4.2 of the Trading Policy.
10. The shares were traded partly on-market and partly from independent private shareholders, so Mr Cai does not know who were the vendors of the shares so acquired and there were no connection with the other directors.
11. The Company has at all times complied with Listing Rule 3.1. The reasons for the directors resigning was not appropriate for disclosure because the reasons for resignation were as a result of unfounded rumours and not factual matters. The Company continues to be in compliance with Listing Rule 3.1. Apart from the director and company secretary issue, the company is not aware of any breach of the Listing Rules.

Yours faithfully
Piper Alderman

Per:

Alan Jessup
Partner





13 June 2019

Reference: ODIN03321

Mr Hongwei Cai
Executive Chairman
Dongfang Modern Agriculture Holding Group Limited
Level 18
12 Creek Street
Brisbane QLD 4000

By email

Dear Mr Cai

Dongfang Modern Agriculture Holding Group Limited ('DFM'): Query Letter

ASX Limited ('ASX') refers to the following:

- A. DFM's Corporate Governance Statement released on the ASX Market Announcements Platform ('MAP') on 5 April 2019 which included its share trading policy on pages 22-26 (the 'Trading Policy'). The Trading Policy includes the following (emphasis added):

'4.2 Closed periods' and 'prohibited periods'

Directors and key management personnel must not deal in the Company's securities during the following periods:

- a) *Within 1 month immediately preceding and 48 hours immediately following the release by the Company of its preliminary annual results to the ASX;*
- b) *Within 1 month immediately preceding and 48 hours immediately following the release by the Company of its half-yearly results to the ASX;*
- c) *Within 2 weeks immediately preceding and 48 hours immediately following the Company's Annual General Meeting; and*
- d) *Other periods as advised by the Board or Chief Executive Officer.*

Requests to trade during the closed periods may be considered in exceptional circumstances. The current procedure is that a written request is made to the Chairman and/or an independent director if the Chairman makes the request, describing the claim. Any approval to trade should be in writing and will be determined on a case by case basis ...

- B. The Appendices 3Y (Change of Director's Interest Notices) for Mr Hongwei Cai lodged by DFM on MAP on 16 May 2019, 27 May 2019 and 30 May 2019 (the 'Appendices 3Y') which disclosed:
- (i) the on-market purchase by Mr Cai of 5,000,000 fully paid ordinary shares on 24 May 2019;
 - (ii) the on-market purchases by Citicorp Nominees Pty Ltd, on behalf of Mr Cai, of 322,000 fully paid ordinary shares on 15 May 2019, and 329,832 fully paid ordinary shares on 28 May 2019, (together, the 'On-market Transactions'); and
 - (iii) that the securities were not traded during a closed period.

Noting that DFM's 2019 Annual General Meeting was held on 27 May 2019, notwithstanding the statements in the Appendices 3Y referred to in paragraph B(iii) above, it would appear that the On-market

Transactions took place during the 2 weeks immediately preceding, and 48 hours immediately following, DFM's 2019 Annual General Meeting, a closed period, in breach of section 4.2(c) of the Trading Policy.

- C. DFM's announcement titled 'Resignations from the Company Board' dated 9 June 2019 and released on MAP on 11 June 2019, which announced the simultaneous resignation of four of its directors, Mr Michael Wai Man Choi, Ms Dan Lin, Mr Ming Sing Barton Tso and Mr Chiu So, effective 9 June 2019. In addition, Mr So resigned as CEO, and Mr Philip Killen resigned as company secretary. The announcement did not give any reasons for their resignations.

ASX notes that:

- as DFM only has one director, DFM fails to meet the requirements of section 201A(2) of the *Corporations Act 2001*;
 - as DFM has no directors who ordinarily reside in Australia, DFM fails to meet the requirements of section 201A(2) of the *Corporations Act 2001*; and
 - as DFM has no company secretary who ordinarily resides in Australia, DFM fails to meet the requirements of section 204A(2) of the *Corporations Act 2001*.
- D. The suspension of DFM's securities from quotation on 11 June 2019 under Listing Rule 17.2, pending the release of an announcement regarding the appointment of sufficient number of directors to comply with section 201A(2) of the *Corporations Act 2001* and a company secretary.
- E. Listing Rule 12.6, which states as follows.
- 'An entity must appoint a person to be responsible for communication with ASX in relation to listing rule matters. The entity must tell ASX of the initial appointment and any change in the person.'*
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. *Guidance Note 22: Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities* which was published to assist listed entities with their obligations under Listing Rules 3.19A and 3.19B and to give an overview of ASX policy in relation to disclosure of directors' interests and transactions in securities, and *Guidance Note 27: Trading Policies* which was published to assist listed entities to comply with their obligations under Listing Rules 12.9-12.12 regarding trading policies.

Questions and Requests for Information

ASX regards the sudden and unexplained resignations of four out of five directors, the CEO and the company secretary of a listed company as most concerning.

Having regard to the above, ASX asks DFM to respond separately to each of the following questions and requests for information.

1. Please provide a full account of the circumstances in which Mr Michael Wai Man Choi, Ms Dan Lin, Mr Ming Sing Barton Tso and Mr Chiu So resigned from DFM's board and Mr Philip Killen resigned as company secretary, along with the reasons for their respective resignations (this information is for release to the market).
2. Please provide copies of the resignations of Mr Michael Wai Man Choi, Ms Dan Lin, Mr Ming Sing Barton Tso and Mr Chiu So as directors and Mr Philip Killen as company secretary (this information is not for release to the market).
3. Were any payments made by DFM or its controlled entities to any of Mr Michael Wai Man Choi, Ms Dan Lin, Mr Ming Sing Barton Tso, Mr Chiu So or Mr Philip Killen in connection with their resignations? If so, please provide details.

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4. Given the resignation of four directors, including the two independent Australian resident directors, and the company secretary, what steps does DFM propose to take to ensure that it meets its Corporations Act requirements to have:
 - a) at least three directors; and
 - b) at least two directors and a company secretary ordinarily residing in Australia.
5. Please confirm, for the purposes of Listing Rule 12.6, the person who is now responsible for communications with ASX in relation to Listing Rule matters.
6. Did Mr Cai comply with section 4.2 of the Trading Policy and make written requests to an independent director prior to carrying out the On-market Transactions? If he did, please provide a copy of the written request and subsequent approval (not for release to the market). If he didn't, please explain why not.
7. Did an independent director grant approval (written or otherwise) to Mr Cai to carry out the On-market Transactions, as required by section 4.2 of the Trading Policy? If so, who was it and on what basis did they do so? If not, why not?
8. If Mr Cai traded in breach of the Trading Policy, what disciplinary or remedial action is DFM proposing to take in relation to that breach?
9. Is there any connection whatsoever between the resignations of Mr Michael Wai Man Choi, Ms Dan Lin, Mr Ming Sing Barton Tso and Mr Chiu So as directors and Mr Philip Killen as company secretary and the On-market Transactions by Mr Cai? If so, please explain that connection.
10. Were any of the shares purchased by Mr Cai in the On-market Transactions purchased from any of Mr Michael Wai Man Choi, Ms Dan Lin, Mr Ming Sing Barton Tso, Mr Chiu So or Mr Philip Killen (or any person or entity associated with them)? If so, please provide details.
11. Please confirm that DFM is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 am AEST on Friday 21 June 2019**. ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Noting the seriousness of these matters, ASX further reserves the right to terminate DFM's listing on ASX without further notice to DFM, if DFM fails to provide an adequate response to this letter by the time and date above.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

ASX reminds DFM that its obligation to comply with the Listing Rules, and in particular the continuous disclosure requirements in Listing Rule 3.1, is not affected by the suspension of its securities from quotation (see Listing Rule 18.6).

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Adrian Smythe
Manager, Listings Compliance (Sydney)