



# Market Announcement

19 September 2019

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Attached for the information of the market is ASX's query letter to Jiajiafu Modern Agriculture Limited (ASX:JJF) dated 4 September 2019 and JJF's response dated 18 September 2019.

ASX's enquiries are ongoing.

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家家富现代农业  
Jiajiafu Modern Agriculture

Jiajiafu Modern Agriculture Limited  
(ABN: 82607739159)  
T: (02) 9269 0266  
W: <http://www.jjfma.com>  
A: Suite 521, 368 Sussex Street  
Sydney, NSW, Australia, 2000

18 September 2019

Reference: 06592

Mr Adrian Smythe  
Manager, Listings Compliance  
ASX

Email: [adrian.smythe@asx.com.au](mailto:adrian.smythe@asx.com.au)

Dear Mr Smythe

**Jiajiafu Modern Agriculture Limited (ASX:JJF): Response to Query Letter**

We refer to your letter dated 4 September 2019 (**Query Letter**).

This letter sets out JJF's responses to the matters raised in the Query Letter. Unless otherwise indicated, capitalised terms in this letter have the meaning given to them in the Query Letter.

1. *Does JJF consider the information in the Qingzhou Breeding Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes. Following reconsideration of the transaction and the impact on JJF's operations, and JJF's internal governance practices generally, JJF appreciates that disclosure of this transaction could have been made earlier than the Qingzhou Breeding Announcement.

2. *If the answer to question 1 is 'no', please explain the basis for that view.*

Not applicable.

3. *If the answer to question 1 is 'yes':*

- (a) *When did JJF decide or agree to establish and invest in Qingzhou Breeding?*

JJF decided to establish and invest in Qingzhou Breeding on 10 May 2019.

- (b) *When was Qingzhou Breeding incorporated?*

28 June 2019.

- (c) *When did JJF complete its investment in Qingzhou Breeding?*

30 June 2019.

- (d) *When did Qingzhou Breeding build the 50 breeding greenhouses?*

Between 25 May 2019 and 27 June 2019.

- (e) *If JJF first agreed to establish and invest in Qingzhou Breeding prior to 1 August 2019, please explain why this information was not released to the market at an earlier time,*



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*commenting specifically on when you believe JJF was obliged to release the information under listing rules 3.1 and 3.1A and what steps JJF took to ensure that the information was released promptly and without delay.*

JJF was obliged to release the information under listing rules 3.1 and 3.1A on 15 May 2019 as this was date that the Breeding Company Cooperation Agreement between Qingzhou Jiajiafu Modern Agricultural Group Co., Ltd (**JJF China**) (JJF's wholly owned subsidiary ) and Qingzhou Jianhao Modern Agricultural Technology Development Co., Ltd, was signed.

On 28 June 2019, Qingzhou Breeding was incorporated and the Articles of Association adopted.

The delay in releasing this information was as result of the following:

- (i) on 10 May 2019, JJF China resolved to invest in Qingzhou Breeding. At that time, the investment was considered a proposal only, as JJF China then entered into the Breeding Company Cooperation Agreement for the investment on 15 May 2019;
- (ii) ASX suspended JJF from official quotation on 13 May 2019 for not having sufficient directors ordinarily residing in Australia, and JJF was focussed on appointing that new director. On 16 May 2019, JJF appointed Mr Bill Lam as an Australian resident director, and JJF was reinstated to official quotation on 17 May 2019. As a result, during this period JJF was focussed on ensuring that a new director was appointed;
- (iii) JJF was focussed on preparing responses to ASX's query letters dated:
  - (A) 13 June 2019, to which JJF responded on 20 and 24 June 2019;
  - (B) 1 July 2019, to which JJF responded on 5 July 2019;
- (iv) Mr Zhiguo Li resigned as an executive director and company secretary on 14 July 2019. Mr Zhiguo Li was also the primary contact point with ASX, and primarily responsible for preparing JJF's ASX announcements and advising the JJF board on compliance with the ASX listing rules. Following his resignation, JJF was actively seeking a new person(s) to be appointed to carry out Mr Zhiguo Li's responsibilities as an executive director and company secretary, and assisting with ASX listing rule compliance. In this regard, on 26 July 2019:
  - (A) JJF appointed Mr Bill Lam as company secretary; and
  - (B) JJF appointed Mr Edmond Zhang as a director;
- (v) JJF called a trading halt on 18 July 2019, and was suspended from official quotation from 22 July 2019 (and continues to be suspended);



- (vi) entry into the Breeding Company Cooperation Agreement, or an update on the status of the investment, was not discussed at JJF board meetings held on 15 May 2019, 1 July 2019 and 16 July 2019 as these board meetings generally focused on the discussion of the search and appointment of a new director and the responses to ASX queries; and
- (vii) the Qingzhou Breeding was discussed at a JJF board meeting on 31 July 2019, and disclosure was made to ASX as soon as possible thereafter on 1 August 2019.

4. *Who holds the other 30% interest in Qingzhou Breeding?*

Qingzhou Jiajiafu Fruit and Vegetable Professional Cooperative (**QJF**). QJF is independent to, and is not a related party of, JJF.

5. *Please explain the rationale for JJF's investment in Qingzhou Breeding given it does not appear to fall within JJF's principal activities detailed in the 2018 annual report (see subparagraph A(i) above).*

JJF considers that the Qingzhou Breeding investment is consistent with the principal activities as set out in JJF's annual report, being agricultural activity of producing and selling fresh produce (in addition to trading in agricultural supplies, such as fertilizers and pesticides). In this regard:

- (a) the principal activities as set out in JJF's annual report included the production and sale of fresh produce, and the activities of Qingzhou Breeding are the breeding and sale of livestock (being another food product);
- (b) JJF is of the view that the Qingzhou Breeding investment was not a significant change to:
  - (i) the nature of its main undertaking, as Qingzhou Breeding's operations are generally consistent with the existing nature of JJF's business activities. In this regard, Qingzhou Breeding:
    - (A) involves an agricultural activity of livestock breeding, a business which is consistent with JJF's other agricultural production business;
    - (B) provides JJF with an expanded product offering that can be sold through existing distribution channels;
  - (ii) the scale of its activities, as the investment amounted to around 23% of JJF's total consolidated total assets as at 30 June 2019 on a post investment basis (less than ASX's guidance of 25% or more benchmark).
- (c) geographically, Qingzhou Breeding's operations are located adjacent to JJF's pre-existing agriculture business;
- (d) Qingzhou Breeding's operations will:



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- (i) enhance the synergy between JJF's pre-existing agricultural business;
  - (ii) establish a further renewable agricultural business; and
  - (iii) enhance JJF's future group business development by increasing the level of operations, developing relationships with third parties and the Chinese government, and adding to overall goodwill; and
- (e) the Chinese government currently strongly supports the agriculture industry, and Qingzhou Breeding provides a further business to strengthen JJF's existing relationship with the Chinese government.

6. *Has JJF agreed to or does it expect to:*

(a) *incur further capital expenditure in relation to Qingzhou Breeding (such as plant facilities)?*

No.

(b) *provide funds/loans to Qingzhou Breeding for working capital?*

Yes.

*If the answer to (a) or (b) above is 'yes', please provide details of the agreed or expected capital expenditure and/or working capital contributions for FY2020.*

Working capital contributions for FY2020 are expected to be RMB 6.4m.

7. *Does JJF expect that Qingzhou Breeding will have a material effect on its revenue and/or earnings in FY2020?*

Yes.

8. *Given it held a 70% interest in Qingzhou Breeding at 30 June 2019, please explain why JJF stated 'not applicable' at item 10 in the Preliminary Final Report ('Details of entities over which control has been gained or lost during the year').*

This was an error in the Preliminary Final Report. JJF proposes the following:

(a) subject to ASX's views, release an ASX announcement clarifying this error in the Preliminary Final Report; and

(b) include in the notes to the 2019 audited financial statements (which are anticipated to be lodged with ASX by 30 September 2019) that JJF acquired a 70% interest in Qingzhou Breeding during the financial year.

9. *Please provide copies of the following documents for Qingzhou Breeding and, if and to the extent that any of them are not in English, a certified translation of the documents into English (not for release to the market):*

(a) *the incorporation documents;*

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Business licence provided in Chinese (original) and English (certified translation) (Attachment A).

- (b) *a company search from the National Enterprise Credit Information Publicity System maintained by the PRC State Administration For Market Regulation (or a similar search); and*

Company search provided in Chinese (original) and English (certified translation) (Attachment B).

- (c) *any shareholders agreement, management agreement and/or operating agreement (or similar documents).*

Articles of association provided in Chinese (original) and English (certified translation) (Attachment C).

Breeding Company Cooperation Agreement provided in Chinese (original) and English (certified translation) (Attachment D).

10. *Please provide a full account of the circumstances in which Mr Zhiguo Li resigned as a director and company secretary of JJF on 14 July 2019, along with the reasons for his resignation. Your response should also refer to the applicable resignation provision in Mr Li's agreement (see sub-paragraph A(ii) above).*

On 14 July 2019, Mr Zhiguo Li sent an email to the JJF directors stating that, due to personal reasons, he had decided to resign as a director and company secretary. Mr Zhiguo Li did not provide any further reasons for his resignation, and JJF did seek further clarification as to these personal reasons.

In accordance with:

- (a) clause 21.9(d) of JJF's constitution, Mr Zhiguo Li's office as director was automatically vacated; and
- (b) clause 27.2 of JJF's constitution, Mr Zhiguo Li's office as secretary was determined by the JJF board to be vacated on 16 July 2019 (at a directors' meeting held on that date).

JJF also understood from Mr Zhiguo Li's resignation that he was also resigning from his position as an employee under his executive agreement. Whilst Mr Zhiguo Li's executive agreement provides for 6 months' notice to be given of the termination, JJF waived that notice period. As a result, Mr Zhiguo Li ceased to be an employee of JJF on and from 14 July 2019.

11. *Please provide a copy of the resignation of Mr Zhiguo Li as a director and company secretary (not for release to the market).*

Resignation of Mr Zhiguo Li as a director and company secretary dated 14 July 2019 provided (Attachment E).

12. *Please explain why:*

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- (a) *Mr Zhiguo Li's resignation was not announced on Monday, 15 July 2019, as it should have been under listing rule 3.16.1.*

JJF was under the misunderstanding that it had five business days from the date of Mr Zhiguo Li's resignation to announce that resignation to ASX.

At a JJF board meeting on 16 July 2019, JJF also considered Mr Zhiguo Li's resignation and that a new director and company appointment would be appointed as soon as possible.

- (b) *JJF did not request a trading halt prior to the commencement of trading on 15 July 2019 (given it was then in breach of section 201A(2) of the Corporations Act).*

As Mr Zhiguo Li did not advise JJF of its obligations to notify ASX of his resignation, JJF sought external advice to assist with its compliance obligations. As soon as the JJF board obtained that advice, it called a trading halt on 18 July 2019 that stated that it was in relation to a pending announcement regarding the resignation of Mr Zhiguo Li. JJF was then suspended from official quotation at JJF's request on 22 July 2019.

13. *As the Appendix 3Z indicated that Mr Zhiguo Li ceased to be a director of JJF on Sunday 14 July 2019, it appears that the Appendix 3Z should have been lodged with ASX by Friday 19 July 2019. As it was lodged on 29 July 2019, it appears that JJF may have breached Listing Rules 3.19A and/or 3.19B.*

- (a) *Please explain why the Appendix 3Z was lodged late.*

As set out in the response to item 12(b), JJF also sought external advice to assist with preparing the Appendix 3Z on 18 July 2019. At that point JJF sought the trading halt, and was then suspended from official quotation at JJF's request on 22 July 2019. This was intended to provide JJF with sufficient time to appoint a new director.

JJF was of the misunderstanding from external advice that the release of the resignation of Mr Zhiguo Li and his Appendix 3Z, and the appointment of the new director and their Appendix 3X, should be released at the same time. JJF now appreciates that this understanding was incorrect.

- (b) *What arrangements does JJF have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?*

The JJF directors are fully aware of and understand their obligations under listing rule 3.10A and section 205G of the Corporations Act. JJF has entered into the following with each director:

- (i) a letter of appointment; and
- (ii) an ASX compliance disclosure agreement that is essentially in the form set out in attachment 1 of Guidance Note 22 of the ASX listing rules.
- (c) *If the current arrangements are inadequate or not being enforced, what additional steps does JJF intend to take to ensure compliance with Listing Rule 3.19B?*





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JJF believes that the arrangements in place are adequate to ensure compliance with ASX listing rule 3.19B, with the non-disclosure having been an internal administrative oversight.

As a matter of good practice, the JJF directors have been reminded of their disclosure obligations under the ASX listing rules and the Corporations Act, and have each acknowledged that they understand and are fully aware of the disclosure obligations relating to ASX listing rules 3.19A and 3.19B.

14. *Please explain why JJF's announcement of 29 July 2019 stated that it 'is currently assisting ASX with a number of queries in relation to its recent board changes' despite ASX having advised in the query letter dated 1 July 2019 that it has serious concerns that JJF may have obtained its minimum spread using artificial means and that JJF did not meet the conditions for admission to the ASX official list.*

JJF acknowledges that its announcement of 29 July 2019 could have made reference to those further matters raised by ASX. However, JJF sought external advice in relation to its draft announcement, and that advice did not suggest including further information regarding those matters in that announcement.

15. *Please confirm that JJF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

I confirm that JJF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

16. *Please confirm that JJF's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JJF with delegated authority from the board to respond to ASX on disclosure matters.*

I confirm that the responses to the questions above have been authorised and approved by JJF's board.

In addition to the matters set out above, JJF also notes that it:

- (a) has engaged a new external advisor to assist it with advising JJF on its compliance with the ASX listing rules and the Corporations Act;
- (b) is of the view that it has current appointed directors and other executives with suitable skills, commitment and knowledge of JJF, the industry in which it operates and the obligations of an ASX listed company; and
- (c) will, if required by ASX, conduct an independent corporate governance review and recommendations report on JJF's current policies and procedures.

Please do not hesitate to contact me if you have any queries.

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For and on behalf of the Board

**Qingkai Li**  
Executive Chairman and CEO  
Jiajiafu Modern Agriculture Limited

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4 September 2019

Reference: 06592

Mr Bill Lam  
Company Secretary  
Jiajiafu Modern Agriculture Limited  
Suite 521  
368 Sussex Street  
Sydney NSW 2000

By email

Dear Mr Lam

**Jiajiafu Modern Agriculture Limited ('JJF'): Query letter**

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

- A. JJF's 2018 annual report released on the ASX market announcements platform ('MAP') on 27 September 2018, which included the following disclosures:

(i) **'Principal activities**

*The Group produces and sells a wide range of fresh produce, such as cucumbers, tomatoes, eggplants, peppers and dandelion leaves. The Group also trades in agriculture supplies, such as fertilizers and pesticides.'*

(ii) In the remuneration report:

**'Contractual arrangements for executive KMP**

**Name:** Zhiguo Li  
**Title:** Executive Director  
**Agreement commenced:** 25 December 2017  
**Actual remuneration started:** 1 January 2018  
**Term of agreement:** Ongoing contract

**Details:** *Mr Li is Executive Director of the Group. From 1 January 2018, Mr Li will receive an annual fixed remuneration of A\$150,000 as the Executive Director and the Company Secretary. Pursuant to Mr Li's labour contract, Mr Li may resign from his position by giving 6 months' notice in writing. Mr Li's employment may be terminated by his employer (a member of the Group) by giving 12 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Mr Li's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Mr Li's labour contract (whether by resignation or termination), Mr Li will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.'*

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- B. JJF's request for a trading halt on 18 July 2019 pending an announcement in relation to the resignation of Mr Zhiguo (Jarod) Li as a director of JJF and the appointment of an additional Australian-resident director.
- C. JJF's announcement titled 'Appointment of Director' released on MAP on 29 July 2019 which announced the appointment of Mr Edmond Zhang as a director and Mr Bill Lam as company secretary of JJF, and also stated:

*'As previously advised to the market, the Company is currently assisting ASX with a number of queries in relation to its recent board changes ...'*

- D. The Final Director's Interest Notice for Mr Zhiguo Li lodged by JJF with ASX on 29 July 2019 (the 'Appendix 3Z'), which disclosed that Mr Li ceased to be a director on 14 July 2019.

- E. JJF's announcement titled 'Jiajiafu announced A\$8.9 investment in Qingzhou Breeding' released on MAP on 1 August 2019 (the 'Qingzhou Breeding Announcement') which included the following statements:

*[JJF] 'has invested RMB 42 million (approximately A\$8.9 million) to establish Qingzhou Jiajiafu Breeding Co., Ltd (Qingzhou Breeding [sic]). The investment represents a 70% stake in this newly established company. Qingzhou Breeding is a breeding enterprise mainly engaged in poultry, aquatic products, livestock breeding and sales and has built 50 breeding greenhouses so far. At present, the state's support for the breeding industry is very strong. Jiajiafu's investment in Qingzhou Breeding will enhance the synergy between the two companies in terms of product offering and production chains, establishing recycling ecological agriculture and enhancing the company's future development.'*

- F. JJF's Preliminary Final Report for the financial year ended 30 June 2019 released on MAP on 30 August 2019 (the 'Preliminary Final Report'), which included the following disclosures (emphasis added):

- i) Total assets of \$48,330,177 at 30 June 2019 (in item 4).
- ii) Prepayments for newly hatched ducks of \$1,245,304 at 30 June 2019 (in item 4.2).
- iii) The following note to item 4.2 regarding the prepayments for newly hatched ducks:

*'The Group invested in Qingzhou Jiajiafu Breeding Co., Ltd. (Qingzhou Breeding) in June 2019, taking a 70% stake in Qingzhou Breeding. The prepayments were made to purchase the newly hatched ducks for production of Qingzhou Breeding ...'*

- iv) Buildings & Plant Facilities at cost of \$18,873,751 at 30 June 2019 in item 4.3 (Property, plant and equipment).

- v) The following note to item 4.3:

*'The Group has invested \$9,839,148 in building up plant facilities [sic] of Qingzhou Breeding ...'*

- vi) In item 10:

*'Details of entities over which control has been gained or lost during the year Not applicable'*

- vii) In item 14 - Review of operations:

*'In June 2019, the Group invested RMB 54 million (about \$11 million) to establish Qingzhou Breeding and owns a 70% stake in this newly established company. Qingzhou Breeding is a breeding enterprise mainly engaged in poultry, aquatic products, livestock breeding and sales. As at 30 June 2019, Qingzhou Breeding has not yet contributed any sales revenue to the Group, while it has built 50 breeding greenhouses with a cost of RMB 48 million (about*

*‘\$9.84 million) and purchased production material for duck breeding of RMB 6 million (about \$1.25 million). The establishment of Qingzhou Breeding will enhance the synergy between the current business of agriculture production and the new business of livestock breeding in terms of product offering and production chains.’*

ASX notes that the investment of around \$11 million in Qingzhou Breeding amounts to 23% of JJF’s total assets at 30 June 2019.

- G. 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.
- H. The definition of ‘aware’ in Chapter 19 of the Listing Rules, which states that:
- ‘an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity’ and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B ‘When does an entity become aware of information.’*
- I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- ‘3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- It would be a breach of a law to disclose the information;*
  - The information concerns an incomplete proposal or negotiation;*
  - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
  - The information is generated for the internal management purposes of the entity; or*
  - The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed.’*
- J. Listing rule 3.16.1 which requires an entity to immediately tell ASX the following:
- ‘A change of chairperson, director, chief executive officer (or equivalent), or company secretary.’*
- K. Section 201A(2) of the *Corporations Act 2001*, which states:
- ‘A public company must have at least 3 directors (not counting alternate directors). At least 2 directors must ordinarily reside in Australia.’*
- L. Listing Rule 3.19A which requires an entity to tell ASX the following:
- ‘3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
- On the date that the entity is admitted to the official list.*
  - On the date that a director is appointed.*

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.'

M. Listing rule 3.19B which states:

*'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'*

#### Questions and Requests for Information

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

1. Does JJF consider the information in the Qingzhou Breeding Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is 'no', please explain the basis for that view.
3. If the answer to question 1 is 'yes':
  - (a) When did JJF decide or agree to establish and invest in Qingzhou Breeding?
  - (b) When was Qingzhou Breeding incorporated?
  - (c) When did JJF complete its investment in Qingzhou Breeding?
  - (d) When did Qingzhou Breeding build the 50 breeding greenhouses?
  - (e) If JJF first agreed to establish and invest in Qingzhou Breeding prior to 1 August 2019, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe JJF was obliged to release the information under listing rules 3.1 and 3.1A and what steps JJF took to ensure that the information was released promptly and without delay.
4. Who holds the other 30% interest in Qingzhou Breeding?
5. Please explain the rationale for JJF's investment in Qingzhou Breeding given it does not appear to fall within JJF's principal activities detailed in the 2018 annual report (see sub-paragraph A(i) above).
6. Has JJF agreed to or does it expect to:
  - (a) incur further capital expenditure in relation to Qingzhou Breeding (such as plant facilities)?
  - (b) provide funds/loans to Qingzhou Breeding for working capital?

If the answer to (a) or (b) above is 'yes', please provide details of the agreed or expected capital expenditure and/or working capital contributions for FY2020.

7. Does JJF expect that Qingzhou Breeding will have a material effect on its revenue and/or earnings in FY2020?
8. Given it held a 70% interest in Qingzhou Breeding at 30 June 2019, please explain why JJF stated 'not applicable' at item 10 in the Preliminary Final Report ('Details of entities over which control has been gained or lost during the year').
9. Please provide copies of the following documents for Qingzhou Breeding and, if and to the extent that any of them are not in English, a certified translation of the documents into English (not for release to the market):
  - (a) the incorporation documents;
  - (b) a company search from the National Enterprise Credit Information Publicity System maintained by the PRC State Administration For Market Regulation (or a similar search); and
  - (c) any shareholders agreement, management agreement and/or operating agreement (or similar documents).
10. Please provide a full account of the circumstances in which Mr Zhiguo Li resigned as a director and company secretary of JJF on 14 July 2019, along with the reasons for his resignation. Your response should also refer to the applicable resignation provision in Mr Li's agreement (see sub-paragraph A(ii) above).
11. Please provide a copy of the resignation of Mr Zhiguo Li as a director and company secretary (not for release to the market).
12. Please explain why:
  - (a) Mr Zhiguo Li's resignation was not announced on Monday, 15 July 2019, as it should have been under listing rule 3.16.1.
  - (b) JJF did not request a trading halt prior to the commencement of trading on 15 July 2019 (given it was then in breach of section 201A(2) of the Corporations Act).
13. As the Appendix 3Z indicated that Mr Zhiguo Li ceased to be a director of JJF on Sunday 14 July 2019, it appears that the Appendix 3Z should have been lodged with ASX by Friday 19 July 2019. As it was lodged on 29 July 2019, it appears that JJF may have breached Listing Rules 3.19A and/or 3.19B.
  - (a) Please explain why the Appendix 3Z was lodged late.
  - (b) What arrangements does JJF have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
  - (c) If the current arrangements are inadequate or not being enforced, what additional steps does JJF intend to take to ensure compliance with Listing Rule 3.19B?
14. Please explain why JJF's announcement of 29 July 2019 stated that it '*is currently assisting ASX with a number of queries in relation to its recent board changes*' despite ASX having advised in the query letter dated 1 July 2019 that it has serious concerns that JJF may have obtained its minimum spread using artificial means and that JJF did not meet the conditions for admission to the ASX official list.
15. Please confirm that JJF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
16. Please confirm that JJF's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JJF with delegated authority from the board to respond to ASX on disclosure matters.



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### 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 Thursday 12 September 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. Your response should be sent to me by e-mail.

### Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to JJF's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that JJF's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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

Yours sincerely

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**Adrian Smythe**  
Manager, Listings Compliance (Sydney)