



家家富现代农业
Jiajiafu Modern Agriculture

Jiajiafu Modern Agriculture Limited
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ASX Announcement
ASX Market Announcements Platform

Impact of Coronavirus and Update on Audit of 2019 Accounts

Jiajiafu Modern Agriculture Limited (ASX: JJF) (**Company**) wishes to update the market on the impact of the new coronavirus (COVID-19) on the Company's operations, and the status of the audit of its 2019 financial statements (**2019 Accounts**).

Impact of novel coronavirus

In December 2019, a new coronavirus was discovered in Wuhan, Hubei Province, China. The coronavirus subsequently spread to all parts of China, particularly as a result of the massive movement of people during the Chinese New Year holidays. In order to control the spread of the coronavirus, the Chinese Government adopted a series of positive response measures across the country, such as limiting public movement and isolation for suspected cases. These measures have had a broad and far-reaching impact on certain sectors and the country's economy as a whole.

In the context of the epidemic prevention and control, the Company has encountered difficulties to varying degrees in its operational deployment, affecting the Company's fruit and vegetable production, transportation, sales and office staff's normal working hours. This has resulted in a temporary adverse effect on sales since the outbreak of the coronavirus.

At present, the Company is actively implementing necessary and appropriate virus prevention and control processes in accordance with the Chinese Government's measures for responding to the new coronavirus. The Board is confident that with the gradual control of the coronavirus epidemic, the Company's various production and operational activities will return to normal levels. The Company will provide a further update to ASX should there be a further material impact to its business operations.

Status of 2019 Accounts

The Company advises that, despite its continued efforts, it has been unable to finalise the audit of its 2019 Accounts. The main causes of the continued delay are as follows:

- (a) the outbreak of the coronavirus preventing a site visit of the Company's China-based operations by its Australian auditor, Nexia Melbourne Audit Pty Ltd (**Nexia**);
- (b) Nexia's ongoing concerns in relation to the Company's:
 - (i) investment in the Qingzhou Breeding operation (**Breeding Project**); and
 - (ii) corporate governance in relation to the Breeding Project; and



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- (iii) timely disclosure to ASX of the Breeding Project; and
- (c) Nexia applying to the Australian Securities and Investments Commission (**ASIC**) seeking ASIC's consent for Nexia to resign as auditor of the Company.

The Company has not yet been notified by ASIC as to whether ASIC will consent to Nexia's resignation as auditor. In any event, the Company proposes to continue to work with Nexia to resolve its concerns (if ASIC's consent is not granted) or work with a new auditor (if ASIC's consent is granted) to finalise the 2019 Accounts as soon as possible.

At this stage, given the uncertainty in relation to the ongoing impact of the coronavirus in China, and the status of its auditor, the Company is unable to provide an accurate update as to when the audit of the 2019 Accounts will be completed. The Company also anticipates that the audit or audit review of its half-yearly financial statements to 31 December 2019 will also be delayed for these reasons.

For and on behalf of the Board

Qingkai Li
Executive Chairman and CEO
Jiajiafu Modern Agriculture Limited