
DONGFANG MODERN ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen.

It is my pleasure to welcome you to the second annual general meeting of Dongfang Modern.

For those of you who may not know us well, Dongfang is the leading citrus harvester in China. We harvest tangerines, quality navel oranges, pomelos and camellia fruit, and our orchards are all located in China's best citrus growing region, the Ganzhou City within the Jiangxi province.

We were an early starter of citrus plantations, and have capitalised on long-term government concessions to expand. We have a successful plan of building our business through purchasing new plantations, and in 2016 we were pleased to report a record harvest for the fifth consecutive year.

The benefit of this plan can be shown by a comparison of our land holdings over time. In 2012, we held nine plantations covering close to 4,500 hectares. Since then, we have invested in the purchase of new orchards. Our business has more than doubled in size, and we now have 22 plantations covering 9,800 hectares.

I am pleased to report that Dongfang's financial performance in 2016 was strong. Net profit increased 7% from 2015 to \$81.6 million, and earnings per share increased to 20.8 cents.

We have maintained the dividend at five cents per share, in line with our policy of paying 25% of company profits as dividend each year. This year, we have extended the payment date. This was a prudent decision which anticipates that foreign currency controls imposed by the Chinese government may require longer processing time.

The outlook for our company remains positive. We are operating in a sector of the economy that is growing, and Chinese consumers' demand for healthy citrus products has never been stronger.

We have important opportunity to build our business through further purchase of rural land and plants. In addition, we are considering to be involved in the processing of camellia products to add further values to our shareholders. This has potential to extend our product range and markets, and would allow us to leverage current supply networks.

With our long-standing wholesale customers and an established supply chain, we remain well positioned for continued growth.

In terms of our plan within Australia we are continuing to explore opportunities . Our investment plan is focused on delivering the best return for our shareholders, but we have been unable to recapture the returns that we are able to achieve in China.

However, we will continue our attempts.

I would like to take this opportunity to thank our management team, employees and contractors whose hard work and dedication help to make Dongfang a great company. Many of them are also shareholders, and their effort helps our company to deliver sound returns.

In summary it has been another good year for Dongfang. Our company has performed well, and we thank our shareholders for their continued support.

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About DFM

DFM is a leading agricultural producer operating within the world's largest market in China. DFM is unique in providing exposure to China's agribusiness sector for Australian investors.

In 2016, the company sold over 240,000 tonnes of fruit and camellia products, generating revenue of A\$194 million, net profit of A\$82 million, and operating margins in excess of 40% spanning 9,800 hectares.

Formed in 2008, the company has grown each year, benefitting from China's favourable taxation incentives for agribusiness companies.