

Record fruit harvest and forecast revenue

Leading Chinese agricultural producer, Dongfang Modern Agriculture Holding Group Limited (**ASX:DFM**), today announced crop and price estimates for the company's 2017 harvests. The company anticipates another year of record revenue.

Dongfang's camellia seeds harvest is expected to be a record 9,900 tonnes, up 23% on 8,100 tonnes in 2016, reflecting yield improvement and additional production from the 380-hectare camellia plantation acquired in July 2017. For comparative purposes the previously reported 2016 camellia fruit volume production has been replaced with seed volume as the latter is a more accurate measurement of sales. Prices are expected to increase 4% compared to 2016 in line with continued growth in demand for camellia oil. The group's camellia area under cultivation increased more than 10% in 2017 to 3,427 hectares, located in China's Ganzhou City region. Camellia seeds are processed mainly into cooking oil, which is valued for its nutritional properties and high 'smoke' point.

Dongfang's navel orange harvest is expected to be a record 33,000 tonnes, up 70% on 19,500 tonnes in 2016. This reflects additional production from the 544-hectare navel orange plantation acquired in July 2017. Prices are expected to be approximately 3% lower compared to 2016 due to higher volume production requiring negotiation of new distribution agreements. Dongfang produces premium quality 'Gannan Navel Oranges' from orchards located in the Special Citrus Zone in the Ganzhou City district.

The group's tangerine harvest is expected to be 147,000 tonnes, similar to the previous year. 2017 prices are expected to fall back about 8% after the price surge in 2016 and customers purchasing a greater proportion of lower priced products without packages. Tangerines are sourced mainly from Xunwu county in Ganzhou City.

The group's pomelo harvest is expected to be 47,000 tonnes, 8% lower than 51,000 tonnes in 2016 due to high rainfall. 2017 prices are expected to be about 3% lower than 2016 unit prices. Dongfang's premium quality sweet pomelos are sourced from plantations covering 1,433 hectares in the Nankang district located south-west of Ganzhou, China.

Executive Chairman Hongwei Cai said: "The current harvest season is shaping up as our best ever, and we expect to surpass last year's revenue and continue our trend of strong growth.

"We benefited from higher production and prices for camellia seeds, and Chinese consumer demand for camellia products has continued to increase. However, weather affected the pomelo harvest, and tangerine and navel orange prices were lower. Cost efficiencies have been implemented to reduce costs and to maintain margins.

"We continue to consolidate the camellia and navel orange plantations acquired in 2017, and have introduced improvements which will increase productivity and yields in future years. This will ultimately be reflected in further growth and increased value for our shareholders."

Dongfang controls 21 plantations covering 10,763 hectares in China's premier fruit growing region, the Jiangxi Province. Since formation in 2009, the company has grown to become one of the largest agricultural harvesters in China.

Preliminary full year financial results will be released in February 2018.

Charles So



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About Dongfang Modern

Dongfang Modern is a leading agricultural producer operating in the world's largest market, China. It offers Australian investors a unique exposure to China's agribusiness sector.

In 2016, the company sold approximately 249,000 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%. The group's plantations today span more than 10,700 hectares.

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