

## TERM LOAN FACILITY COMPLETED

Leading Chinese agricultural company Dongfang Modern Agriculture Holding Group Limited ("**Dongfang**" or the "**Company**") (**ASX:DFM**) today announced that it has completed a term loan facility equal to approximately A\$50 million with China Huarong Macau (HK) Investment Holdings Limited (**Lender**). The Facility provides Dongfang with flexibility to fund possible acquisitions and provide supplementary working capital (the **Facility**).

The Lender is a member of the China Huarong Asset Management Co., Ltd. (**China Huarong**) which is one of China's leading financial asset management companies. China Huarong listed on the Hong Kong Exchange (Stock Code: 2799.HK) in 2015. China Huarong is a state owned non-banking financial institution co-sponsored by the Ministry of Finance and China Life. By the end of 2016, the total assets of China Huarong reached 1,411.97 billion RMB.

Executive Chairman Hongwei Cai commented: "Dongfang's strategy is to add shareholder value by broadening its revenue base outside China into high margin business markets in Australia that complement our agricultural business. This Facility provides Dongfang with the opportunity to acquire businesses with strong growth potential, leveraging our existing distribution networks and knowledge of the Chinese market."

The Dongfang Board has consistently stated its growth ambitions and its desire to drive value for shareholders through acquisition. While the Company is in advanced negotiations with parties relating to possible acquisitions at present there are no binding proposals in place. In the event the Company enters into a binding acquisition agreement disclosure will be made immediately to the market."

### Key terms

The key terms of the Facility are set out below:

1. The loan facility agreement is for a total of HK\$ 300 million (A~\$50 million) equivalent.
2. Dongfang drew down the Facility on 2<sup>nd</sup> January 2018.
3. The term for the Facility is approximately 3 years repayable at minimum of HK\$30 million on 20 December 2019 with the remainder due on the 20 December 2020 unless extended. Dongfang may apply in writing for a one year extension subject to compliance with its obligations under the Facility and repayment of 20% of the outstanding principal of the Facility before 20 December 2020. Notwithstanding the relevant term of repayment, the Lender has the right to request for the Facility (principal and interest) to be payable in full on demand.
4. Dongfang may repay the Facility in full after 20 December 2019.
5. Interest is payable six monthly in arrears at the following rates:  
First Year- 9.2% pa  
Second Year - 10.5% pa  
Third Year - 10.5% pa  
Fourth Year (if applicable) - 13% pa.

6. Security of the Facility includes Mr Hongwei Cai's shares in Dongfang and in the event of any acquisitions of any companies by subsidiaries of Dongfang, various charges over Dongfang's interest in any such subsidiaries that hold the acquired companies.
7. In addition, the Facility contains representations, warranties and undertakings that are common for an agreement of this nature.

Charles So



Chief Executive Officer

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**About DFM**

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.