

DONGFANG MODERN FULL YEAR FINANCIAL RESULTS

Record harvest leads to 30% increase in normalised profit before tax to A\$90 million for year

Leading Chinese citrus producer Dongfang Modern Agriculture Holdings Limited (Dongfang; ASX: DFM) today announced its financial results for the year ended 31st December 2015 (CY2015).

Highlights

- Revenue of A\$199 million – up 26%
- Normalised profit (profit before listing expense and fair value changes in biological assets) before tax up of A\$90 million – up 30%
- Maiden dividend of 5 cents per share (record date 1 April 2016, payment date 3 June 2016)
- No debt
- Near 240,000 tonnes of products harvested
- Total plantation area in excess of 8,500 hectares
- Improved yields and input pricing for tangerines and oranges
- China– Australia Free Trade Agreement expected to provide opportunities for market expansion going forward

Commenting on the results, Dongfang's executive chairman Mr Hongwei Cai said:

"We have delivered a strong financial result on the back of record harvests for our tangerines and oranges, coinciding with favourable exchange rate movements.

"We are delighted to have exceeded our IPO prospectus forecasts for sales revenues and net profit, and look forward to continuing to grow the company. Given the stronger than anticipated financial results, the Board is pleased to announce a maiden dividend of 5 cents per share, also exceeding the prospectus forecast.

"The company remains well positioned to further capitalise on its market leading citrus position within the world's largest agribusiness market. We continue to assess additional acquisitions and downstream processing opportunities with a view to further enhancing shareholder returns going forward."

Corporate

Dongfang listed on 19 October 2015 having raised A\$39.2 million during its initial public offer, representing the largest such raising for a private Chinese company on the ASX in two decades.

During the year, the company delivered total revenue of A\$199 million (exceeding prospectus forecasts of \$176 million, and up 26% in CY2014), leading to a normalised profit (profit before listing expense and fair value changes in biological assets) before tax up of A\$90 million (exceeding prospectus forecasts of A\$75 million, and up 30% in CY2014).

Earnings per share equates to A\$0.23.

As of 31st December 2015, the company had cash in bank of A\$135 million, and no debt.

The directors declared a maiden dividend of 5 cents per share, payable on 3 June 2016 and with a Record Date of 1 April 2016. This represents 25% of earnings, and exceeds the prospectus forecast of 20%.

Citrus production

The strong financial results were driven by record harvest volumes.

During the year, almost 240,000 tonnes of fruits and camellia products were harvested, up 20% on the previous year, and exceeding prospectus forecasts by 6%.

In particular, the harvest for our biggest selling product, tangerines, grew by 35% to 142,000 tonnes (CY2014: 105,000 tonnes), primarily due to increase of plantation areas. Unit prices also improved as customer demand continues to support growth.

In oranges, some 20,000 tonnes were harvested this season, up 17% on the previous year (CY2014 17,475 tonnes).

In pomelos, output remained in line with the previous season, with some 54,000 tonnes harvested.

Camellia production

The camellia harvest declined 4.5% to 23,100 tonnes (CY2014 17,000 tonnes).

The company is investigating the opportunity to incorporate downstream processing of its camellia output, in order to participate in the value addition of this product. Camellia seed is often used to make edible oil (similar to olive oil) in China.

Outlook

Dongfang controls plantations spanning over 8,600 hectares, all located within China's premier fruit growing region, the Ganzhou City region of Jiangxi Province. The company has a well established distribution and logistics network to supply tier-1 cities throughout China with fruit and camellia products.

For the year ahead, Dongfang's objectives are:

- Consolidate its position as the leading citrus harvester in China
- Expand land tenure through strategic acquisitions
- Further optimise plantation efficiencies by yield gain and cost cutting
- Consider downstream processing opportunities for its camellia products
- Extend distribution chain further
- Consider Australian partnerships/ acquisitions that leverage off the company's established distribution networks within China

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About Dongfang Modern

Dongfang Modern is a leading citrus producer operating within the world's largest market in China. The company is listed on the Australian Securities Exchange (ASX: DFM), and is unique in providing direct exposure to the China's agribusiness sector for Australian investors.

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