

DONGFANG INVESTOR PRESENTATION

Please find attached a Full Year Results presentation to be given to Investors over the coming week.

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About DFM

DFM is a leading citrus 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 2014, the company sold over 200,000 tonnes of fruit and camellia products, generating revenue of A\$133 million, net profit of A\$67 million, and operating margins in excess of 40% from 19 plantations spanning 8,600 hectares.

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



DONGFANG MODERN AGRICULTURE HOLDING GROUP



Full year results presentation

May 2016

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Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

All references to dollars, cents or \$ in this presentation are to Australian (AUD) currency, unless otherwise stated.

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1. INTRODUCTION

1. Introduction - snapshot

Snapshot (as at 12 May 2016)

ASX code	DFM
Shares on issue	392 million
Share price	\$2.25
Market capitalisation	\$878 million
Cash on hand*	\$129 million
Debt*	Nil
Retained earnings*	\$295 million
Major shareholders	Hongwei Cai – 80% Super Fusion – 5.4% Prosper Rich – 5.1%

*As at 31 March 2016

Oct 20, 2015 - May 12, 2016: +1 (80%)



1. Introduction – who we are

Leading citrus company operating in the world's largest agribusiness market, China

- Applying modern agribusiness processes and technologies to China's traditional citrus and camellia sectors
- Capitalising on dietary changes of China's burgeoning middle class
- Benefitting from generous Government taxation initiatives
- Plantations spanning in excess of 8500 hectares, located within China's premier fruit-growing region
- Opportunities to grow through further acquisitions within extremely fragmented sector, leveraging existing logistic channels



2. HIGHLIGHTS 2015

2. Highlights 2015

Fourth consecutive year of record sales and earnings

Strong financial performance,
earnings exceeding prospectus
forecast

Expansion of asset base to 19
plantations

Executing growth strategy and
delivering robust results

Maiden dividend of 5 cents per
share declared

Building on market leading position in China

2. Highlights 2015

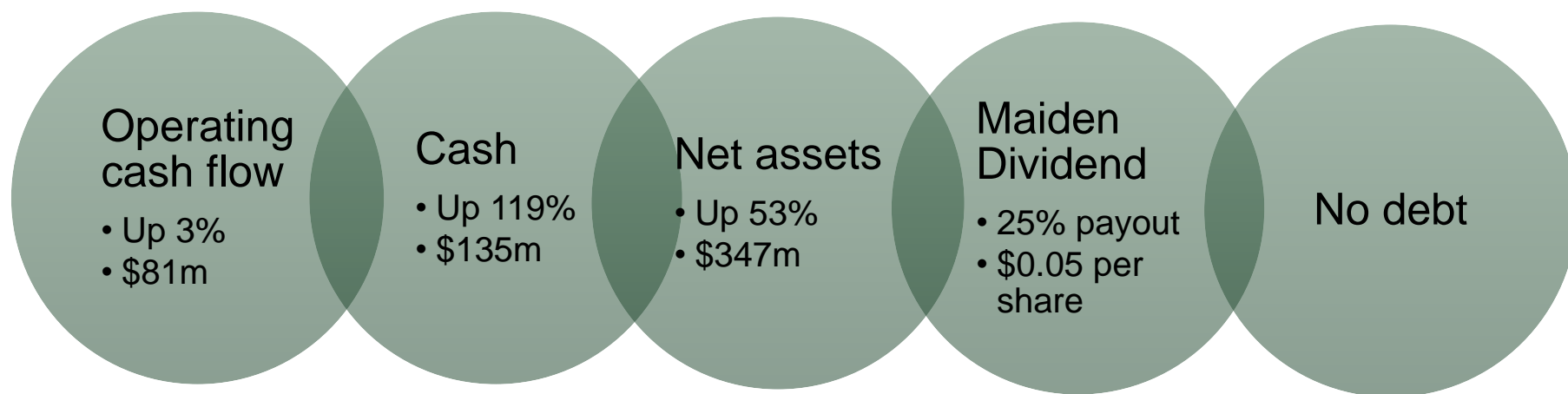
Financial highlights: Profit and loss



Difference between growth rates of NPAT and gross profit primarily related to a reduction in the fair value of biological assets and amortisation of plantation costs and deferred expenses including fertiliser, pesticides and pruning

2. Highlights

Financial highlights: Balance sheet and cash flow



Current cash on hand (as at 31 March 2016) **\$129million**

Key expenditures since year end include:

- Fertilisers - \$9 million
- Leasing and amortisation - \$7 million

Net assets growth of 53% in 2015 to **\$347 million** primarily due to:

- IPO raising- \$39.2 million
- Profit for the year - \$82 million

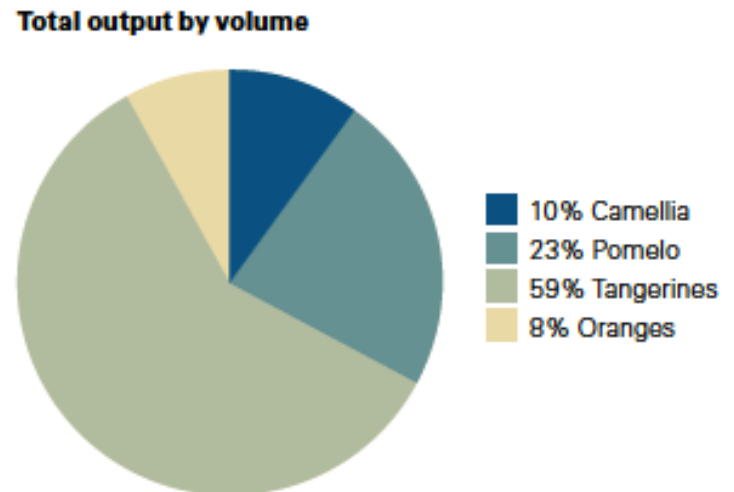
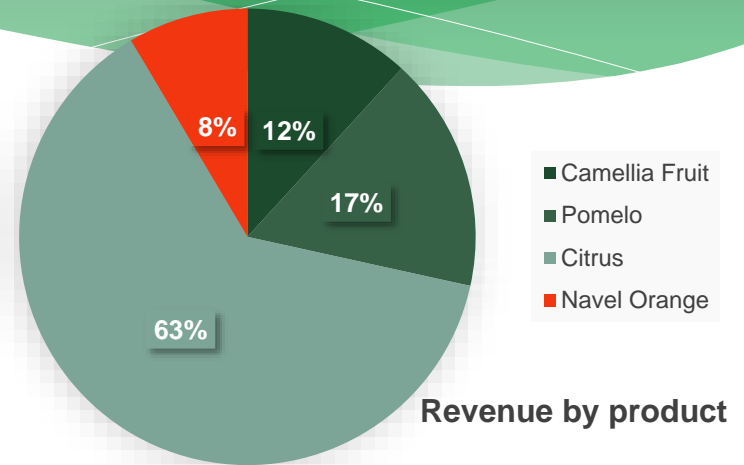


3. BUSINESS MODEL

3. Business model

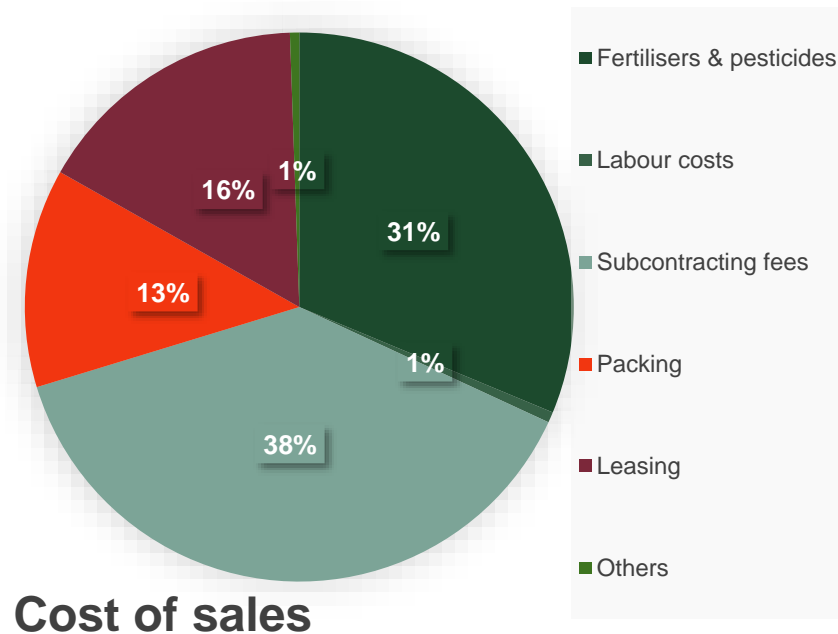
How we generate profits

- Cultivation and sale of fruit
- Four divisions:
 - Tangerines
 - Pomelo
 - Oranges
 - Camellia
- Operating Margin > 40%
- Return on Assets > 20%



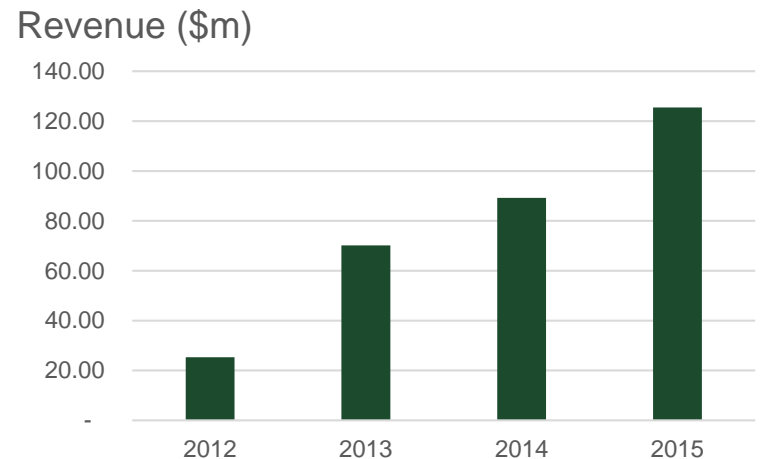
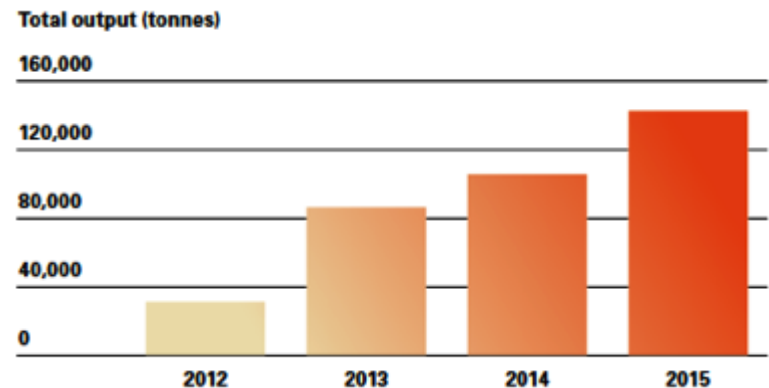
3. Business model

- Products sold through independent wholesale customers
 - 13 wholesale customers
 - 5 largest customers account for ~50% of sales
 - Fruit sold at farm-gate
- DFM manages plantations
 - Contractor based via village committees
 - DFM employs ~ 100 people
- Minimal account receivables
- No related parties dealings



3. Business model - tangerines

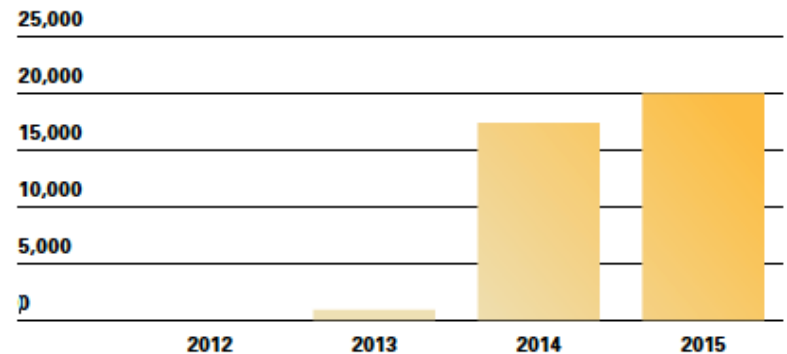
- Primary product, accounting for >50% total output
- Record 2015 result with 142,000t harvested, up 35% on 2014
- Prices up 4% on previous year
- Good crop yields and fruit quality



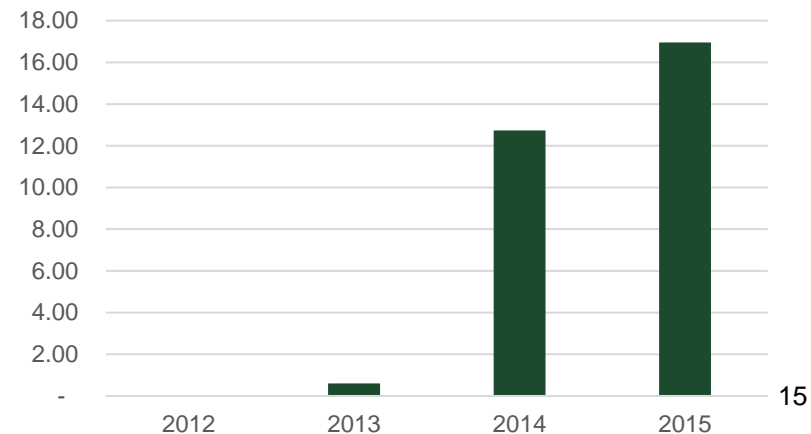
3. Business model– navel oranges

- ‘Gannan’-branded product, widely recognised in China
- Record 2015 result with 20,000t harvested, up 17% on 2014
- Prices up 14% on previous year
- Higher yields as a result of maturity of trees

Total output (tonnes)



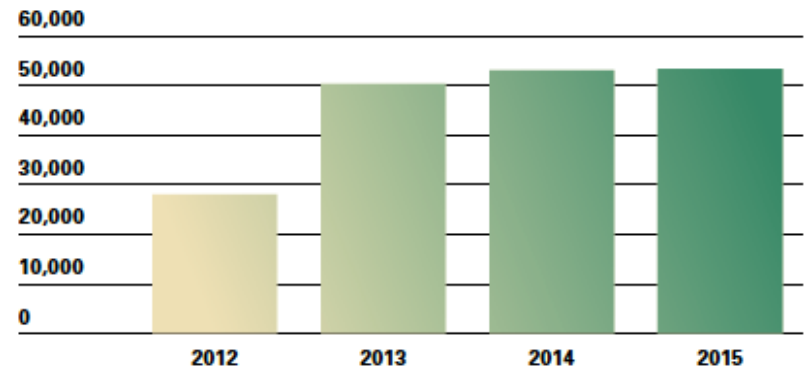
Revenue (\$m)



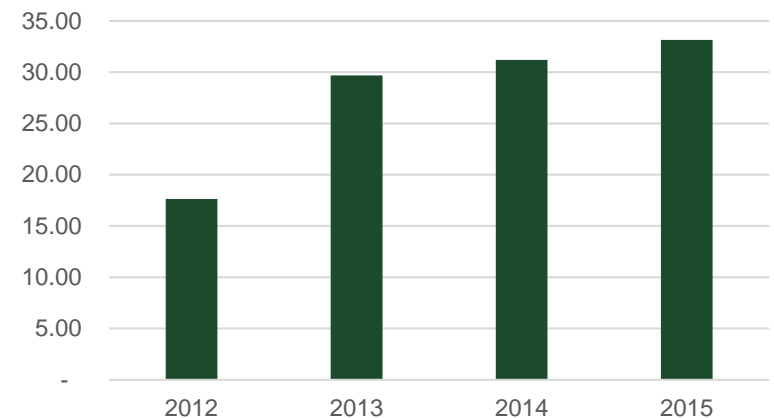
3. Business model - pomelos

- Award winning product, similar to grapefruit
- 54,000t harvested in 2015, in line with 2014 result
- Prices up 6% on previous year

Total output (tonnes)

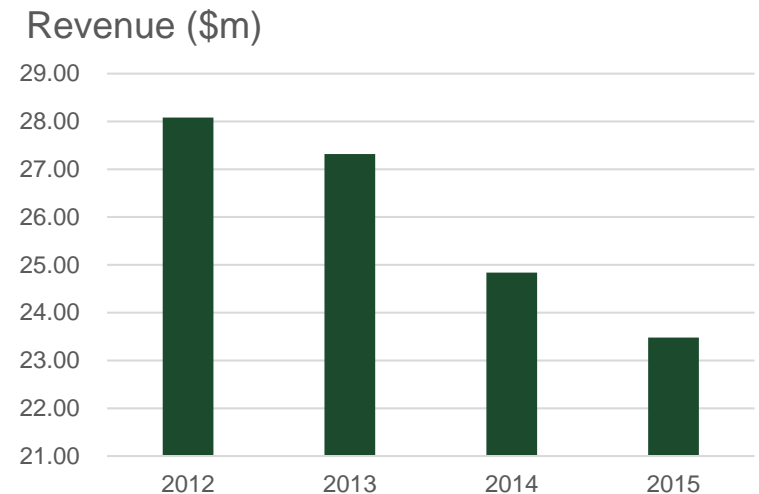
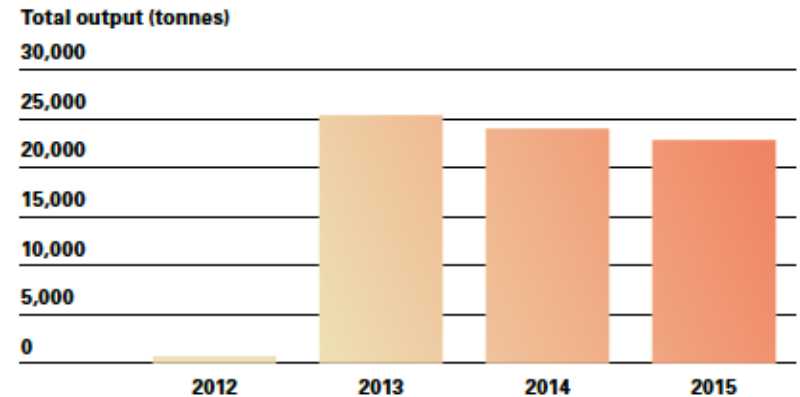


Revenue (\$m)



3. Business model - camellia

- Difficult harvest weather conditions led to poorer 2015 yield
- 23,000t harvested in 2015, down 4.5% from 2014 result
- Prices up 6% on previous year
- Assessing downstream processing opportunities





4. GROWTH PLAN

4. Growth plan – key drivers

Primary growth drivers

- Reinvesting operating cash flow (>\$80m in 2015)
- Strategic acquisition of further plantations
- Improving yield and farming efficiencies
- Possible expansion into downstream processing
- Chinese Government tax free incentives

4. Growth plan

Strategic acquisitions

- Citrus sector remains highly fragmented in PRC
- Expectation in 2016 to make further acquisitions of rural land contracted operation rights
- DFM now the largest citrus and camellia company in PRC with a market share under 2%
- Opportunity to further consolidate market leading position
- Leverage existing logistic channels linking rural supply centres to tier-1 cities

4. Growth plan

Improving yield and efficiencies

- Application of modern agribusiness processes and technology to traditional Chinese sector
- Optimising plantation efficiencies by yield gain and cost cutting
- Yield gains through better tree maintenance, selective breeding and improving soil properties
- Extend distribution chain and enhance industry control position



5. SUMMARY

5. Summary

1. A leading grower in world's largest agribusiness market
2. Capitalising on demographic and dietary trends of burgeoning Chinese middle class
3. PRC Government incentives support business plans
4. Well positioned to consolidate fragmented sector
5. Very strong revenue, profitability, cashflows, no debt
6. Maiden dividend declared
7. Proven track record of delivering growth and profitability



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6. APPENDICES

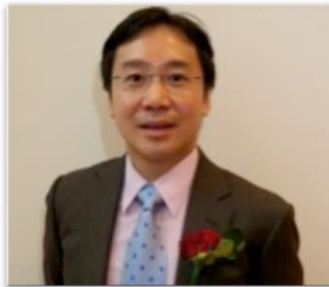
6. Board of directors/ management

Executive Chairman



Hongwei Cai
Founder and major
shareholder

Chief Executive Officer



Chiu (Charles) So
Previously ED of HK-
listed China
Packaging Group

Executive Director



Barton Tso
Previously ED/ CFO
of HK-listed China
Fortune

Non-executive director



Dan Lin
Government relations and
business development

Non-executive director



Michael Choi
Former member of
Queensland Parliament

Company secretary



Greg Starr
20 years experience within
ASX-listed companies

6. Financial results

Robust financial performance

- Normalised profit before tax up 30%
- Revenues up 26%
- *Gross profit up 31%*
- *NPAT up 0.4%*
 - *affected YoY by (cash item) A\$3M Admin (IPO)*
 - *less A\$1.7M exchange difference*
 - *and (Non Cash) Biological asset calculation change of AUD18.4M*

Financial Performance

Consolidated Statement of Profit and Loss

	2015		2014	
	RMB \$'000	AUD \$'000	RMB \$'000	AUD \$'000
Revenue	933,945	199,051	741,470	158,029
Cost of sales	(505,207)	(107,674)	(414,819)	(88,410)
Gross profit	428,738	91,376	326,651	69,619
Other income	1,038	221	833	178
Change in fair value of biological assets	(27,900)	(5,946)	58,780	12,528
Selling and distribution expense	–	–	(359)	(77)
Administrative expenses	(17,783)	(3,790)	(3,705)	(713)
	384,093	81,861	382,559	81,534
Finance costs	(9)	(2)	–	–
Profit before income tax	384,084	81,859	382,559	81,534
Income tax expense	–	–	–	–
Profit for the year	384,084	81,859	382,559	81,534
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations	8,153	1,738	–	–
Income tax relating to items that may be reclassified subsequently to profit or loss	–	–	–	–
Other comprehensive income for the year, net of tax	8,153	1,738	–	–
Total comprehensive income for the period	392,237	83,597	382,559	81,534
Earnings per share				
Basic	RMB 1.09	0.232	RMB 1.09	0.232
Diluted	RMB 1.09	0.232	RMB 1.09	0.232

6. Financial results

Strong balance sheet

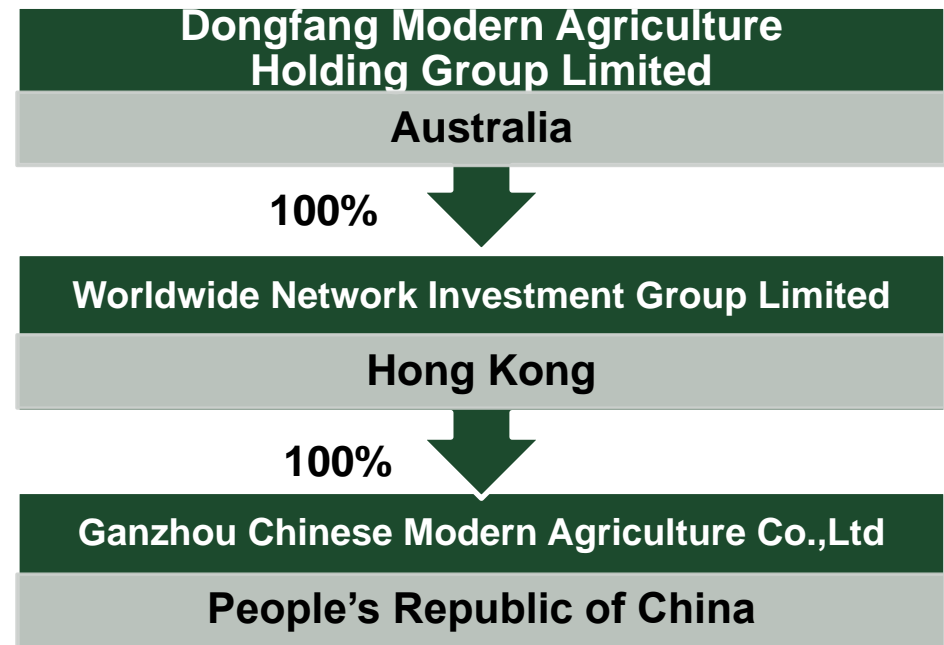
- Cash on hand A\$ 135m
- Net assets A\$ 347m

	Note	2015 RMB \$'000	2014 RMB \$'000
Assets			
Current			
Cash and cash equivalents	15	632,190	288,767
Trade and other receivables	14	60,688	78,702
Deferred expenses	12	106,942	94,565
Total current assets		799,820	462,034
Non-current			
Property, plant and equipment	11	421	738
Biological assets	13	660,573	388,473
Deposits for acquisition of biological assets	13	155,400	240,000
Deferred expenses	12	29,899	33,999
Total non-current assets		846,293	663,210
Total assets		1,646,113	1,125,244
Liabilities			
Current			
Trade and other payables	16	15,118	60,175
Amount due to a shareholder	22	1,685	38
Total current liabilities		16,803	60,213
Net assets		1,629,310	1,065,031
Equity			
• Share capital	18	172,042	–
• Reserves		69,116	60,963
• Retained earnings		1,388,152	1,004,068
Total equity		1,629,310	1,065,031

Note: This statement should be read in conjunction with the notes to the financial statements.

6. Company structure

- Simple and clean corporate structure
- No joint ventures, associate or cross-shareholdings



6. Land title

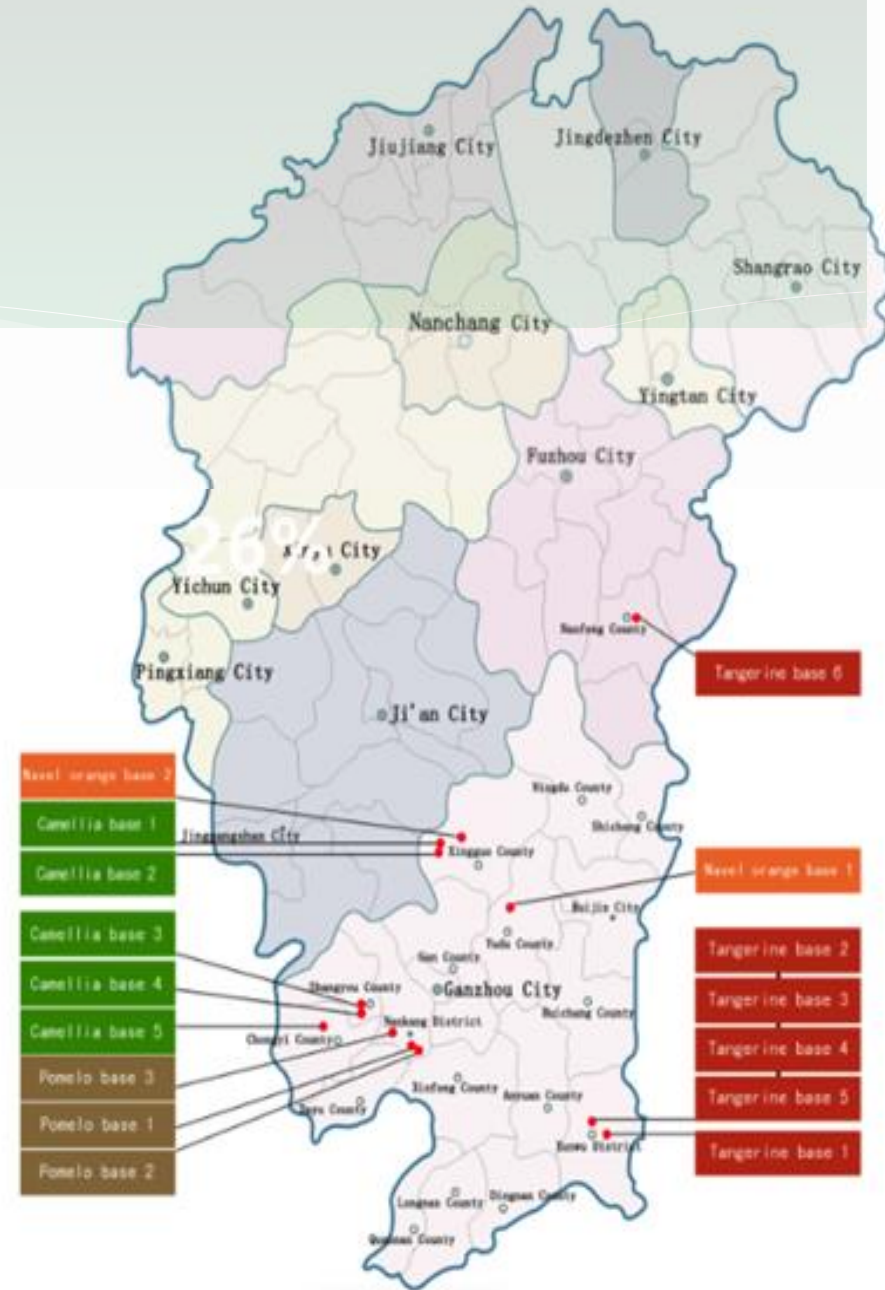
- DFM controls 19 plantations spanning in excess of 8,600 hectares, all located in China's premier citrus growing region, the Ganzhou City district, Jiangxi Province
- Private land ownership is not possible in the PRC, but individual farmers historically have been given a right to the usage of the land. However, Government has allowed aggregation of these land usage rights to permit large-scale intensive farming
- DFM has aggregated several plantations, implementing better operating practices which have increased yields and productivity
- Lease-hold operation rights purchased from village committees (Co-operatives)
 - Lease : right to manage the orchards and sell the fruit produced, but does not own the land nor plantations on that land; Acquired: own the land and plantations on that land
 - Lease : 10-15 years ; Acquired: 20-30 years
 - Average life remaining for DFM plantations: ~13 years
- Biological assets identified, checked, verified and evaluated independently by professional valuers annually

6. Location

- Plantations located within China's premier fruit growing region
- Ganzhou City is within Special Citrus Zone
- Ganzhou brand well known for navel oranges
- High average rainfall of ~1500mm p.a
- Low cost of irrigation
- Long frost-free growing season
- Ganzhou population >9m provides ample labour force



**19
farms**



Located within China's best fruit growing region

6. Government incentive policy

Taxation benefit provides >42% extra cashflow

Effective from 1 January 2008, Article 27 of the New Tax Law provides enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, exemptions from China Enterprise Income Tax (EIT - 30%), VAT and business tax.

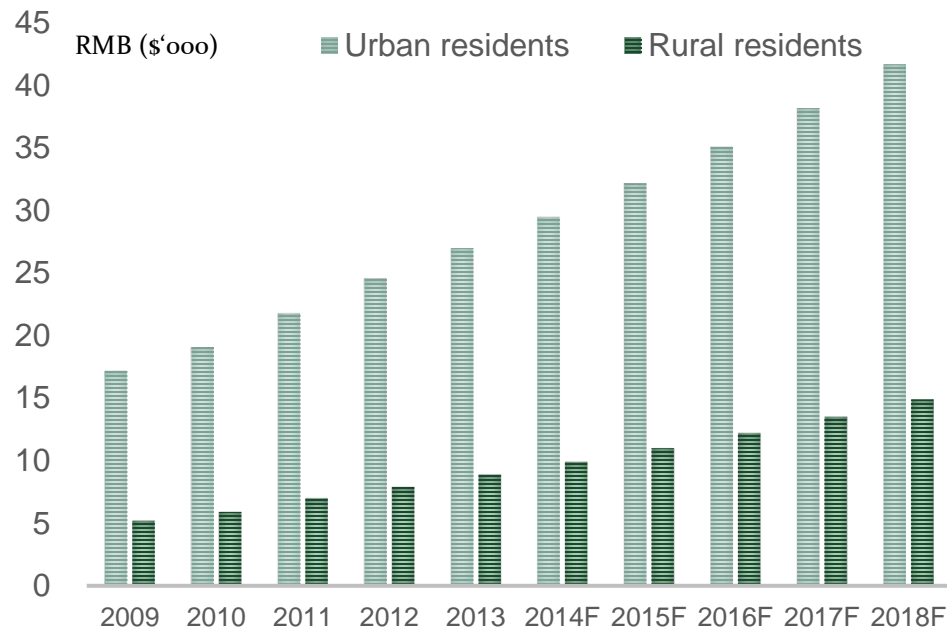
Encourages import replacement and also export

Citrus fruits, including pomelos, are well sought in China, with demand spilling over to imports. Whilst import share of markets is currently modest, the value and volume has been growing at a CAGR of about 40% and 34% respectively over the past 5 years.

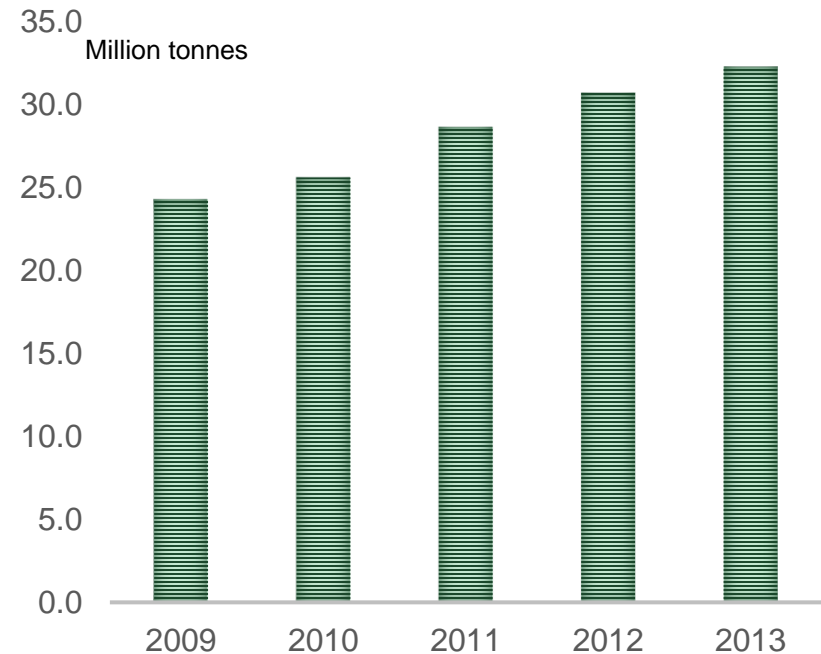
The Chinese Government encourages import replacement and export and assists domestic plantation operators to expand their business.

6. Solid foundation in large market

Ave. Annual Household Disposable Income in China 2009 - 2018



Consumption volume of citrus fruits in China from 2009 - 2013

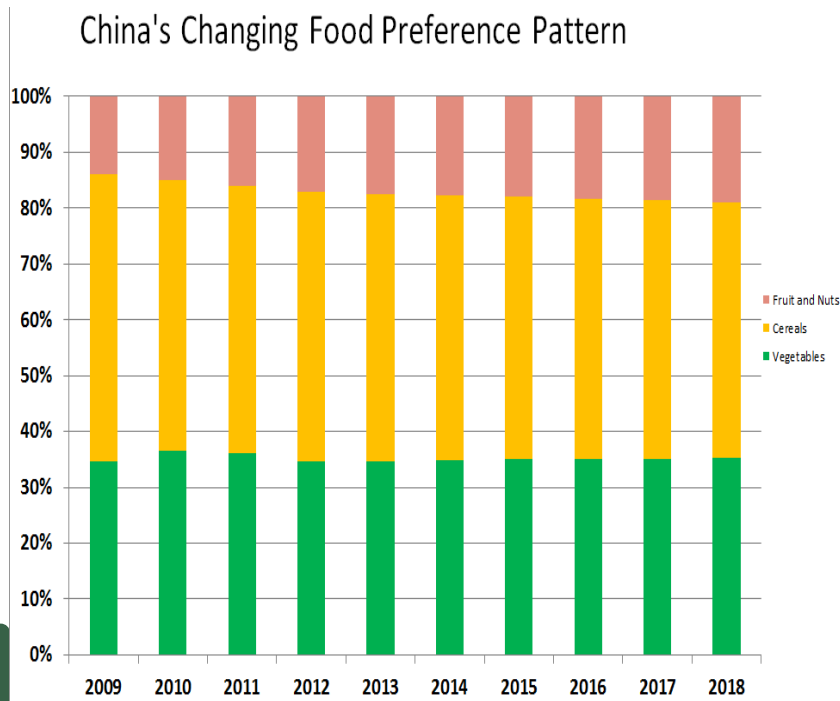


**Rising household disposable income
for both urban and rural**

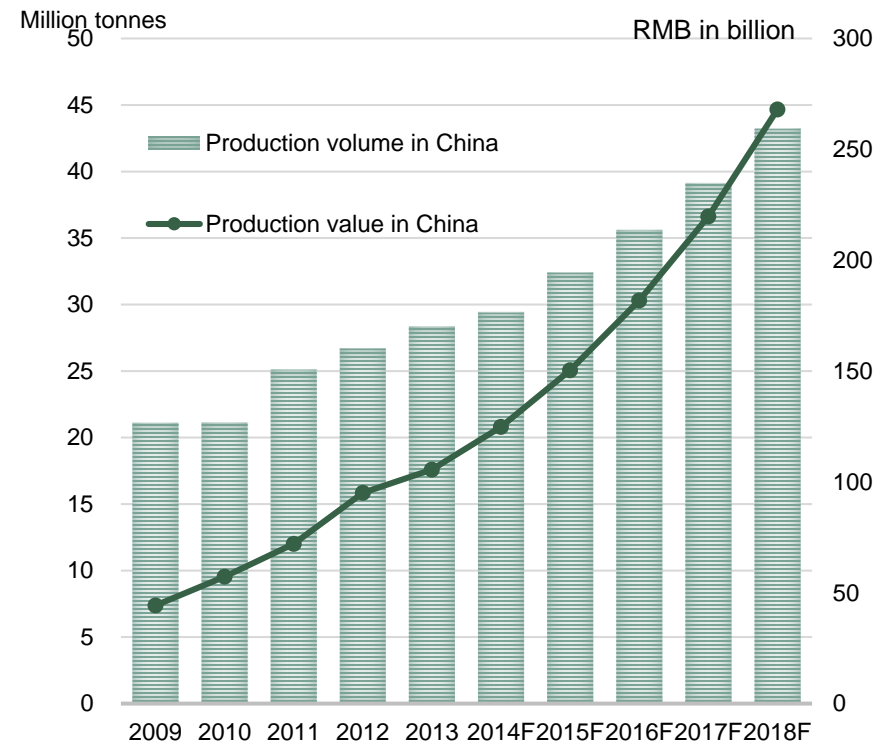
**Rising consumption volume of citrus
fruits in China**

6. Consumption trends favor citrus

Fruits are playing more important role in Chinese food consumption

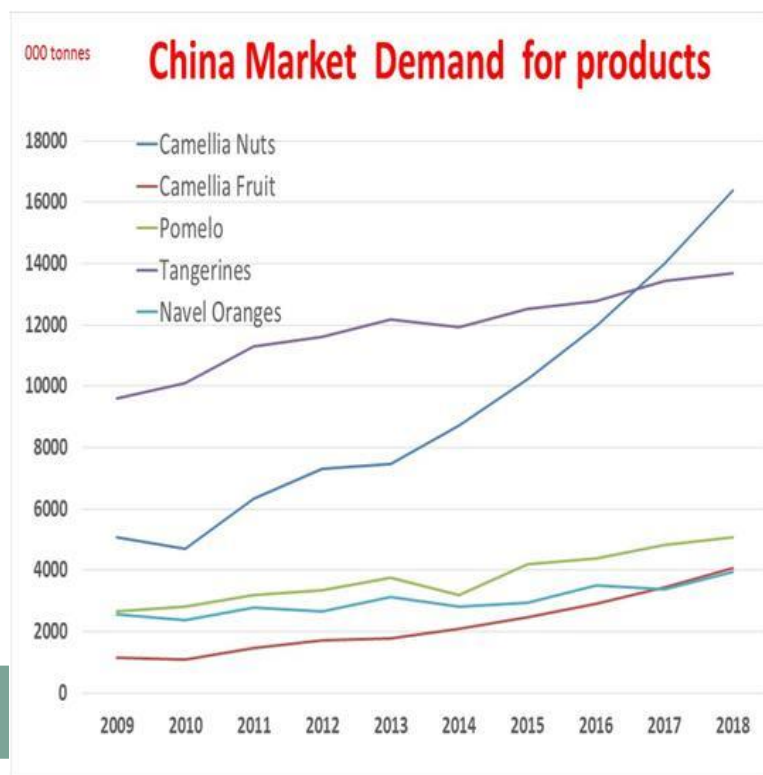


Chinese citrus fruit growth forecast at CAGR of ~24% in value and ~12% in volume 2014 - 2018

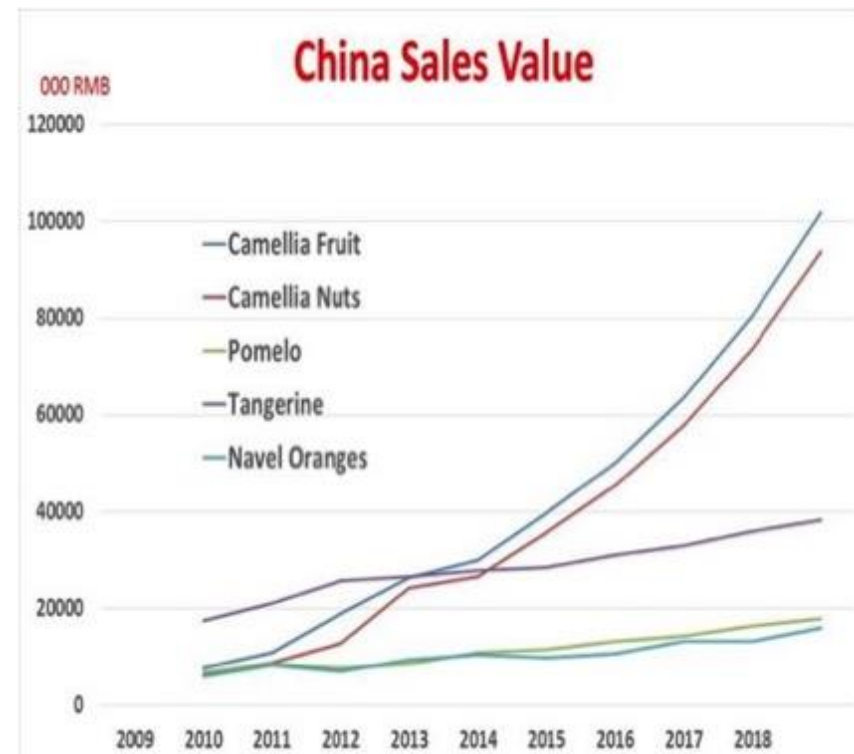


6. Strong and growing demand

Market demand (000'tonnes)



Product Sale Value (000'RMB)



6. Plantation area growth

Plantation Area by Key Products

Areas (Hectares)		FY2013	FY2014	FY2015	FY2016 Current
Tangerine	Leased	3,751	3,751	4,017	4,017
	Acquired	0	0	400	400
	Subtotal	3,751	3,751	4,417	4,417
Camellia	Acquired	60	60	60	913
	Leased	2,187	2,187	2,187	1,334
	Sub Total	2,247	2,247	2,247	2,247
Pomelo	Leased	1,433	1,433	1,434	1,434
Orange	Acquired	45	542	542	542
Total		7,475	7,972	8,639	8,639

Contracted Operating rights to plantation areas:

- 21% acquired
- 79% leased