

RESULTS FOR THE SIX MONTHS TO 30 JUNE 2017

- **Record harvest expected for 2017**
- **Operating margins expected to remain over 40%**

Leading Chinese agricultural company, Dongfang Modern Agriculture Holding Group Limited (ASX:DFM) today announced its financial results for the six months to 30 June 2017 and its expectation of a record harvest during the second half of the 2017 financial year.

Dongfang's business is seasonal in nature and as such, during the first half of the financial year, the company reports a loss as it incurs expenditure in preparation for the growing and harvesting season, and income from the sale of its annual harvest during the second half of the year. The company's reported after-tax loss for the half year ended 30 June 2017 was A\$1.2 million, compared with an after-tax loss of A\$3.0 million for the same period last year. This improved result was primarily due to an over allowance for tax expense in the prior period being reversed. For the year to 31 December 2016, the company reported an after-tax profit of A\$81.6 million and earnings per share of 20.8 cents. A dividend of 5.0 cents per share was paid on 15th August 2017.

The company had a healthy balance sheet at 30 June 2017, with a cash balance of approximately A\$29.8 million and no bank borrowings. Shareholders continued to support the company strongly, with over 98% participating in the dividend reinvestment plan for the dividend paid in August 2017.

DongFang's chairman, Hongwei Cai, said: "The 2017 harvest is expected to be higher than the 2016 record of nearly 250,000 tonnes. With continued demand for the company's production, operating margins are anticipated to remain over 40%.

"The company continues to assess growth opportunities through acquiring plantations in China, further cementing its position as a leader in the Chinese market. In addition, we have actively been evaluating other opportunities, including a downstream business in Australia.

"We are very pleased to have paid dividends in two consecutive years and are looking forward to another successful year."

During 1H2017, Dongfang strengthened its position as a market leader in China with the acquisition of a 380-hectare camellia plantation and a 544-hectare navel orange plantation in Xingguo County, near the company's existing plantations in the Ganzhou City district of Jiangxi Province, China's premier fruit region. These acquisitions of mature trees are forecast to increase gross profit by over A\$8 million in 2017. Application of modern cultivation and tree husbandry methods is anticipated to optimise yields, leading to further expected increases in profits in following years.

Dongfang has more than 10,700 hectares of camellia fruit, tangerine, pomelo and navel orange plantations in China and is in a strong position to benefit from the growing demand for camellia oil and high quality citrus fruits. The camellia fruit industry, which is strongly supported by the Chinese government, is increasingly profitable, with camellia oil considered a premium cooking oil in traditional Chinese cooking due to its nutritional value, high smoke point and good storage properties, as well as being used in cosmetics and for medicinal purposes. Increasing demand from consumers in China's expanding tier-1 cities continues to attract premium prices for the company's high-quality citrus fruits.

For further information, please contact

In Australia:

Philip Killen, Company Secretary +61 408 609 916

International:

Charles So, CEO +61 449 895 835

Media queries:

Ashley Rambukwella, FCR +61 407 231 282
and a.rambukwella@fcr.com.au

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 250,000 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.