
DONGFANG MODERN 2016 FINANCIAL RESULTS

Leading Chinese agricultural producer Dongfang Modern Agriculture Holding Group Limited ("Dongfang") (ASX: DFM) today announced net profit of \$81.6 million (RMB 430.7 million) for the full year ended 31 December 2016, up 7.3% from \$76.1 million (RMB 401.4 million, restated) for the previous corresponding year.

Revenue for the year was \$194.2 million (RMB 1.025 billion), up 9.8% from \$176.9 million (RMB 934.0 million), reflecting the company's investment in new plantations and record harvest.

The board has declared a final dividend of 5 cents per share, in line with the previous corresponding year, which will be paid on 3 June 2017 to shareholders on the register at 1 April 2017.

Executive Chairman Hongwei Cai commented: "This was a strong result which demonstrates the success of our business model. We harvest fresh produce from multiple plantations in China's premier fruit-growing Jiangxi Province region, selling primarily to wholesale customers through our supply chain and logistical channels.

"We achieved record tangerine and camellia harvests and, despite unseasonal weather impacting pomelo and navel orange volumes, this was our best season to date. Although weather conditions impacted output this was offset by higher prices, and we maintained gross margins.

"During the year we acquired new lease holdings, increasing the number of orchards which we operate. Our strategy is to invest in plantation acquisitions, which increases our lease holdings and harvest. This allows us to maintain our market-leading position and to continue the company's long-term trend of revenue and profit growth."

Results summary - full year to 31 December	2016	2015	% Increase
Revenue (\$m)	194.2	176.9	9.8
Profit after income tax (\$m)	81.6	76.1	7.3
Basic EPS (cents)	20.8	20.7	1.0
Final dividend (cents, unfranked)	5.0	5.0	-

Outlook

Dongfang's strategy of growth through acquiring new plantations continues, with a focus on plantations in the Ganzhou City district of Jiangxi Province. Since formation in 2008, the company has grown to become the one of the largest agricultural harvesters in China and today controls 22 plantations covering some 9,800 hectares in the province.

For further information, please contact

In Australia:

Jason Culpeper, Company Secretary
+61 428 023 676

Media queries:

Ashley Rambukwella, FCR +61 407 231 282

International:

Charles So, CEO +61 449 895 835

About DFM

DFM is a leading agricultural 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 2016, the company sold over 220,000 tonnes of fruit and camellia products, generating revenue of A\$194 million, net profit of A\$81.6 million, and operating margins in excess of 40% spanning 9,800 hectares.

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

Dongfang Modern Agriculture Holding Group Limited
ACN 604 659 270
AND ITS CONTROLLED ENTITIES

Appendix 4E

PRELIMINARY FINAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2016

1. Details of the Reporting Period

Current period: Year ended 31 December 2016

Previous period: Year ended 31 December 2015

2. Results for Announcement to the Market

The Group operates mainly in the People's Republic of China (the "PRC") and most of its transactions are denominated in Renminbi ("RMB"). The results announcement is based on the RMB figures and, for the ease of reader, supplemented by Australian Dollars ("AUD") translated at RMB5.27883 : AUD1, the exchange rate on 22 February 2017 as quoted on the www.oanda.com.

		% Change		RMB'000	AUD'000	
2.1	Revenue from ordinary activities	up	9.76%	to	1,025,069	194,185
2.2	Profit from ordinary activities after tax attributable to members	up	7.29%	to	430,693	81,589
2.3	Net profit for the year attributable to members	up	7.29%	to	430,693	81,589

2.4 An unfranked interim dividend of AUD0.05 cents per share has been declared.

2.5 The ex-dividend date is 31 March 2017, the record date is 1 April 2017 and the payment date is 3 June 2017 for the proposed dividend.

2.6 Revenue increased by 9.76% as the Group acquired more plantations bases during the year hence increased the volume of harvest.

Profit increased by 7.29% due to the growth of revenue. The ratio is less than the increment in revenue as we incurred more corporate expenses after listing and there was RMB10,500,000 withholding tax resulting from declaring dividends in current year.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	2016 RMB '000	2015 RMB '000 (Restated)
Revenue	1,025,069	933,945
Cost of sales	(572,099)	(515,756)
Gross profit	452,997	418,189
Other income	1,121	1,038
Administrative expenses	(13,197)	(17,783)
	440,894	401,444
Finance costs	(1)	(9)
Profit before income tax	440,893	401,435
Income tax expense	(10,200)	-
Profit for the year	430,693	401,435
Other comprehensive income:		
Exchange differences on translating foreign operations	7,389	8,154
Other comprehensive income for the year, net of tax	7,389	8,154
Total comprehensive income for the period	438,082	409,589
Earnings per share		
Basic	RMB1.10	RMB1.09
Diluted	RMB1.10	RMB1.09

4. Consolidated Statement of Financial Position

As at 31 December 2016

	31-Dec-16 RMB '000	31-Dec-15 RMB '000 (Restated)	1-Jan-15 RMB '000 (Restated)
Assets			
Current			
Cash and cash equivalents	376,254	632,190	288,767
Trade and other receivables	528,817	60,688	78,702
Deferred expenses	46,105	108,970	95,634
Current assets	951,176	801,848	463,103
Non-current			
Property, plant and equipment	1,941	421	738
Bearer plants	1,212,864	613,037	324,544
Deposits for acquisition of bearer plants	-	155,400	240,000
Deferred expenses	22,273	29,899	33,999
Non-current assets	1,237,078	798,757	599,281
Total assets	2,188,254	1,600,605	1,062,384

	31-Dec-16 RMB '000	31-Dec-15 RMB '000	1-Jan-15 RMB '000
Liabilities			
Current			
Trade and other payables	152,630	15,118	60,175
Amount due to a shareholder	57,451	1,685	38
Current portion of obligation under finance lease	97	-	-
Income tax payable	10,200	-	-
Current liabilities	220,378	16,803	60,213
Non-current			
Obligation under finance lease	366	-	-
Non-current liabilities	366	-	-
Total liabilities	220,744	16,803	60,213
Net assets	1,967,510	1,583,802	1,002,171
Equity			
Share capital	208,502	172,042	-
Reserves	76,506	69,117	60,963
Retained earnings	1,682,502	1,342,643	941,208
Total equity	1,967,510	1,583,802	1,002,171

5. Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 RMB '000	2015 RMB '000 (Restated)
Operating activities			
Profit before income tax		440,893	401,435
Depreciation		47,970	11,824
Interest expense		1	9
Interest income		(1,094)	(896)
Operating profit before changes in working capital		487,770	412,372
Deferred expense		70,491	(9,235)
Trade and other receivables		(468,129)	18,014
Trade and other payables		137,512	(45,057)
Amount due to a shareholder		-	1,647
Cash generated from operations		227,644	377,741
Interest received		1,094	896
Net cash from operating activities		228,738	378,637
Investing activities			
Payment for purchase of harvest plants and property, plant and equipment's		(472,685)	-
Deposits and payment for purchases of biological assets		-	(215,400)
Net cash used in investing activities		(472,685)	(215,400)
Financing activities			
Net proceeds from issue of shares		-	172,042
Advance from a shareholder		3,527	-
Dividend paid		(450)	-
Finance lease payments-		(96)	-
Interest paid		(1)	(9)
Net cash from financing activities		2,980	172,033
Net change in cash and cash equivalents		(240,967)	335,270
Cash and cash equivalents, beginning of year		632,190	288,767
Exchange differences on cash and cash equivalents		(14,969)	8,153
Cash and cash equivalents, end of year		376,254	632,190

6. Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital RMB 000's	Statutory reserve RMB 000's	Capital reserve RMB 000's	Exchange reserve RMB 000's	Retained earnings RMB 000's	Total equity RMB 000's
Balance at 1 January 2015 (As restated)	-	20,321	40,642	-	941,208	1,002,171
Shares issued under dividend reinvestment plan	172,042	-	-	-	-	172,042
Transactions with owners	172,042	-	-	-	-	172,042
Profit for the year	-	-	-	-	401,435	401,435
Other comprehensive income	-	-	-	8,154	-	8,154
Total comprehensive income for the year	-	-	-	-	401,435	409,589
Balance at 31 December 2015 (As restated)	172,042	20,321	40,642	8,154	1,342,643	1,583,802
Dividends	-	-	-	-	(90,834)	(90,834)
Shares issued under dividend reinvestment plan	36,460	-	-	-	-	36,460
Transactions with owners	36,460	-	-	-	(90,834)	(54,374)
Profit for the year	-	-	-	-	430,693	430,693
Other comprehensive income	-	-	-	7,389	-	7,389
Total comprehensive income for the year	-	-	-	7,389	430,693	438,082
Balance at 31 December 2016	208,502	20,321	40,642	15,543	1,682,502	1,967,510

Dongfang Modern Agriculture Holding Group Limited
ACN 604 659 270
AND ITS CONTROLLED ENTITIES

7. Details of Dividend Reinvestment Plans

The Board announced on 9 March 2016 the Dividend Reinvestment Plan (“DRP”). The DRP provide a convenient way for eligible shareholders to increase their shareholding in the Company by reinvesting all or part of their eligible dividend entitlements in ordinary shares. The election date was 4 April 2016.

The Issue Price will be an amount equal to the volume weighted average price (“VWAP”) of the Company’s shares sold during a 10 trading day period commencing on (and including) 16 May 2016 and ending on 27 May 2016 less a 10% discount.

Participation in the DRP is open to shareholders with a registered address in Australia or New Zealand. Eligible shareholders may elect to take all or part of future dividends in the form of cash or shares in accordance with the DRP plan rules. Shares will be provided under the DRP free of brokerage and other transaction costs.

Further information regarding the DRP including a full copy of the DRP rules is available on the ASX website by utilizing the Company’s ASX code “DFM”.

8. Net Tangible Assets

	31/12/2016		31/12/2015	
	RMB	AUD	RMB	AUD
Net tangible asset backing per ordinary share	4.99	0.95	4.17	0.79

9. Details of entities over which control has been gained or lost during the year

Nil.

10. Details of Associates and Joint Venture

Not applicable.

11. Other Significant Information

In the current period, the Group has adopted all the new and revised AASBs issued by the Australian Accounting Standards Board that are relevant to its operations and effective for its annual period beginning on 1 January 2016. Other than the adoption of “Amendments to AASB 116 and AASB 41 Agriculture: Bearer Plants”, the adoption of these new and revised AASBs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior periods.

In prior periods, the bearer plants are measured at fair value less costs to sell at initial recognition and at the end of each reporting period, with any change therein recognised in profit or loss in accordance with AASB 141. Following the adoption of “Amendments to AASB 116 and AASB 141 Agriculture: Bearer Plants”, the Group’s plantation bases, which meet the definition of bearer plants, are measured using cost model set out in AASB 16 and stated at cost less accumulated depreciation less impairment losses. Bearer plants are amortised over the lease term of the respective plantation from 20 to 30 years. The produce growing on the bearer plants continues to be accounted for in accordance with AASB 141. This change in accounting policy has been applied retrospectively. The effects of adoption of “Amendments to AASB 116 and AASB 141 Agriculture: Bearer Plants” on the comparative information disclosed in the condensed consolidated financial statements are set out below:

	31-Dec-15 RMB '000
Decrease in fair value loss of biological assets less costs to sell	27,900
Increase in amortisation of bearer plant	(10,549)
Increase in profit for the year	17,351
Increase in total comprehensive income for the year	17,351
Increase in earnings per share	RMB0.05

	31-Dec-15 RMB '000	1-Jan-15 RMB '000
Increase in property, plant and equipment – bearing plant	613,036	324,544
Decrease in biological assets	(660,573)	(388,473)
Increase in deferred expenses	2,028	1,069
Decrease in retained earnings, net assets, and equity	(45,509)	(62,860)

12. Foreign Entity Accounting Standards

Not Applicable.

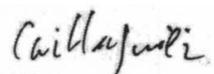
13. Commentary on Results

Refer to the results announcement.

14. Statement on whether the report is based on audited financial accounts

The report (Appendix 4E) is based on financial accounts that have not yet been audited and are likely to obtain an unmodified opinion.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Cai Hongwei". The signature is written in a cursive style with some loops and flourishes.

Hongwei Cai
Executive Chairman

28 Feb 2017