

## DONGFANG ACQUIRES TWO MAJOR PLANTATIONS

Leading Chinese agricultural company Dongfang Modern Agriculture Holding Group Limited ("Dongfang" or the "Company") (ASX:DFM) today announced that it has acquired a 526-hectare camellia plantation and a 354-hectare navel orange plantation in Xingguo County, near the Company's existing plantations in the Ganzhou City district of Jiangxi Province, China.

Chairman Hongwei Cai said: "We are delighted to announce these acquisitions today, which continue our ongoing strategy of growth through increasing Dongfang's fruit orchard holdings, consolidating our position as a market leading fruit harvester.

"The camellia orchard is a mature fruit producing plantation, with trees that average 25 years of age. The new camellia plantation increases our area under cultivation by more than 10 per cent. Demand for camellia oil continues to increase as camellia oil is used in cooking for its 'heart healthy' qualities and high smoke point; health supplements; and, cosmetics. The camellia oil industry is a growth industry strongly supported by policies of the Chinese Government.

"The trees in our new navel orange plantation are also mature averaging ten years of age. Since acquiring our first navel orange plantation in 2013 we have focused on growing fragrant, sweet oranges with high juice content that attract a premium price.

"Both orchards are excellent acquisitions which ensure we are in a strong position to exceed our record 2017 harvest.

"Our business model is to acquire plantations, and apply modern cultivation and tree husbandry methods in order to optimise yields. We expect these new acquisitions will increase gross profit by over RMB30 million (~AUD6.1 million) in 2018 with further increases expected in following years."

Total consideration was approximately RMB 436.5 million (AUD 89.3 million). The plantations are located in the Ganzhou City Special Citrus Zone, also enabling the company to benefit from long-term government tax-free incentives.

The acquisitions constitute the transfer of 30 years' operating rights of the plantations and ownership of the trees. An initial payment comprising 80% of the purchase price (approximately RMB349.2 million or ~AUD71.4 million) has been made and the balance of the purchase price is payable on 30 June 2020.

Dongfang is a key supplier of camellia fruit, tangerine, pomelo and navel orange in China and recently entered the health supplements market through acquisition of an Australian business, Bio Health, in April 2018.

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**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 2017, the company sold more than 237,000 tonnes of fruit and camellia products, generating revenue of A\$213.6 million, net profit of A\$93.9 million, and operating margins in excess of 45%. The group's plantations today span more than 11,580 hectares.

Formed in 2009, the company has grown each year, benefitting from China's favourable taxation incentives for agribusiness companies. In April 2018, Dongfang Modern entered the health supplements market through the acquisition of Australia-based Bio Health Pharmaceuticals.