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News Release

Trading of latest agribusiness company on ASX set to commence on Monday 19 October

Leading Chinese citrus harvester raises A\$39.2 million through IPO

Leading Chinese citrus company Dongfang Modern Agriculture Holding Group ("Dongfang") is pleased to advise that shares in the company will commence trading on the Australian Securities Exchange (ASX) on Monday 19 October 2015. This follows successfully raising A\$39.2m in investment funds from local and international institutions as part of the company's initial public offer (IPO).

The raising is among the largest amounts ever raised in an ASX listing by a company with operations in China. Dongfang becomes one of the largest such companies listed on the ASX at a market capitalisation of A\$390m with an IPO price base of A\$1.00 per share.

Operating within the world's largest agribusiness market, Dongfang's underlying business is primarily the growing and harvesting of citrus produce, particularly tangerines, pomelos and navel oranges and also camellia fruit. In 2014, the company produced and sold over 200,000 tonnes of fruit produce, generating revenues in excess of A\$133 million and delivering net profit of A\$67 million. Dongfang expects output to increase to around 230,000 tonnes in calendar 2015, benefitting through subsequent acquisitions of new plantations.

The market value of the company is well underpinned by strong earnings and assets in 19 plantations covering 8600 hectares in China's premier fruit growing region, the Jiangxi Province.

Dongfang has retained earnings of A\$213m (as at the interim 30 June 2015) after strong earnings over the past five years at an operating margin of over 40% and has reinvested a substantial proportion of its cashflows in acquisition of additional plantations. The gross IPO proceeds of A\$39.2m further strengthens Dongfang's balance sheet ahead of its expansion plans.

Sales revenue is forecast to grow 17% to RMB870m (A\$176m) in calendar 2015 at the exchange rate at the time, whilst earnings is anticipated at A\$75.5m.

On the total expanded issued capital of 390.27m shares, DFM would have Calendar 2015 EPS of around A\$0.19, and with a 20% payout, would suggest a final dividend of A\$0.038 payable in April 2016.

The current cash balance together with more than A\$75m in calendar 2015 earnings, which are mostly aligned to seasonal harvesting over the October to December period, should provide Dongfang with substantial capital to expand its plantation asset base and further add to earnings.

Seasonal conditions to date are currently estimated to be close to Prospectus forecasts and harvest volumes and market prices are within the Prospectus estimations.

Commenting on the listing, Chairman Hongwei Cai thanked new investors for their support.

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"We are obviously excited to list on the ASX, and provide investors with direct exposure to the world's largest agribusiness market.

"Completing this capital raising in a difficult market has been a great credit to our advisers, and I appreciate the support from our new shareholders.

"Our strong growth history since foundation in 2009 has been achieved without any additional equity nor debt, and the funds from the IPO will allow further low risk growth in the citrus and camellia fruit business. In addition, our strong balance sheet will enable us to consider acquisitions in Australia."

Dongfang is very well positioned in a market leader role to provide high quality citrus produce in China to rising affluence and health consciousness throughout the market place. Dietary trends in China clearly exhibit a rising preference for fruit and nuts at the expense of grains, with data showing rising citrus consumption at over 8% pa and an aggregate of over 32mtpa.

Dongfang's high quality output sourced from premium rural fruit growing districts is able to be placed in high volume to leading supermarket and hotel chains in China's Tier 1 cities and at premium prices over local market levels.

The company has a culture that emphasises quality of produce and improving efficiencies of cultivation and harvesting.

Lead manager Paradigm Securities Chairman Barry Dawes added, "The take up of Hong Kong institutions and local investors making up over 97% of the new shareholders shows strong support for the ASX listing of such a significant company in China and is an excellent example of the benefits that might come through the proposed China-Australia Free Trade Agreement.

"Dongfang provides a unique opportunity on the ASX of investing in a fundamental industry such as citrus plantations that has a very large, growing and sophisticated market."

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