



14 January 2021

Dear Shareholder,

We are writing to provide you with further information in relation to the Adjourned 2020 Annual General Meeting (AGM) of Beston Global Food Company Limited on Friday, 29 January 2021 at 10:30am (Adelaide time). Please see the attached "Further Update Information and accompanying Additional Member Statement.

Votes of shareholders at the upcoming Adjourned AGM will determine the future direction and control of your Company. The Chairman of the Meeting intends to vote undirected proxies in FAVOUR of Items 1, 3 and 6 and AGAINST Items 2 and 5 for the reasons explained in the Notice for the Adjourned AGM and accompanying "Updated Explanatory Memorandum" provided to shareholders in recent weeks.

To avoid losing control of your Company, your current Board recommends that you vote on the Resolutions to be considered at the Adjourned AGM, as set out in the "Updated Explanatory Memorandum" previously distributed and the "Further Update Information for Adjourned AGM" attached herewith.

Please note that you must lodge your proxy no later than 10:30am (Adelaide time) on Wednesday 27 January 2021. Any proxy form received after that time will not be valid for the scheduled meeting. A proxy form is attached to this letter for your convenience. This is a very important meeting for the Company. We encourage all shareholders to vote.

SUPPORT YOUR MANAGEMENT AND KEEP CONTROL OF YOUR COMPANY BY LODGING YOUR PROXY VOTES

LODGE YOUR VOTE

-  **ONLINE**
www.linkmarketservices.com.au
-  **BY MAIL**
Beston Global Food Company Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
-  **BY FAX**
+61 2 9287 0309
-  **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000
-  **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Beston Global Food Company Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy (an email will be sent to your appointed proxy with details on how to access the virtual meeting)

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (Adelaide time) on Friday, 29 January 2021 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/BFC2020> (refer to the Virtual Guide and **Notice of Annual General Meeting and Explanatory Notes**).

Important for Resolutions 1 & 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 & 2, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1, 3 and 6 and against Items 2 and 5.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	Chairman	For	Against	Abstain*
1 Adoption of the Remuneration Report for the year ended 30 June	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Ms Petrina Coventry as a Director	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Jim Kouts as a Director - Withdrawn	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of 7.1A additional placement capacity	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THE CHAIRMAN OF THE MEETING INTENDS TO VOTE ALL AVAILABLE PROXIES AGAINST RESOLUTIONS 2 AND 5

2 Contingent Spill Resolution	AGAINST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Election of non-Board endorsed external nominee as Director	AGAINST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting Virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at vote@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (Adelaide time) on Wednesday 27 January 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Beston Global Food Company Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)



FURTHER UPDATE INFORMATION FOR ADJOURNED AGM ON 29 JANUARY, 2021

INTRODUCTION

Global Food Company Limited (ASX: BFC, "Beston" or the "Company") has received another S249P Member Statement ("Additional Member Statement") from Chinese shareholder, Kunteng Pte Ltd ("Kunteng") as attached. While Kunteng has already exercised their right to distribute a Member Statement under the provisions of S249 of the Corporations Act, nevertheless the Board of Beston has resolved to distribute the Additional Member Statement in order that shareholders are fully informed in the lead up to the adjourned AGM on 29 January, 2021.

The Additional Member Statement from Kunteng again contains errors of fact which are addressed in this statement.

The Board of Beston has sought to have an amicable and positive working relationship with Kunteng and its parent company, Dalian Hairunlai Group ("DHG") over the last 12 to 18 months and has reached out with numerous communications during this time in an attempt to achieve this result including with an offer to appoint their representative, Mr Yuan Ma, to the Board if the normal and proper due diligence steps for his appointment were followed. The Board also sent the Company's two most senior executives (ie the CEO Mr Jonathan Hicks and CFO Mr Darren Flew of Beston) to Dalian, China in late 2018 to meet with representatives of Kunteng and DHG and make presentations on publicly released information.

The continuing statements and assertions by Kunteng in the Additional Member Statement are therefore disappointing and are a distraction from the core business objectives which the Board and Management of Beston is pursuing with the implementation of its strategic imperatives for the Company (including the expansion of the Lactoferrin plant which is currently underway).

OBSERVATIONS

The Board of Beston makes the following observations in relation to the Additional Member Statement submitted by Kunteng:

Financial Results

Kunteng has presented a summary of the financial results of Beston over the last five years with certain numbers highlighted. While no commentary on the numbers has been made in this Statement by Kunteng, the highlighting suggests some possible misunderstanding around the numbers highlighted.

- Beston has been in business build-out and expansion mode for the last five years. Under the current Board oversight and management leadership, Beston has undergone significant transformation from a collection of moribund and underperforming assets (some of which had virtually zero revenues) to a sophisticated operating business which is currently generating revenues at the rate of around \$130 million per annum and has a foundation in place for significant earnings from higher-margin products as the Company continues to expand.
- The cashflow figures in the summary table provided by Kunteng reflect the draw down of working capital and funding of start-up of operations as the business has grown from little or no revenues to the rate of around \$140 million of revenues currently. The increased milk intake from around 17 to 18 million litres per annum initially (i.e. from previously owned farms) to the rate of approximately 138 million litres this year, has increased the capacity utilisation at Jervois to around 70% and required a commensurate increase in working capital.
- As noted by various industry commentators, it takes time to build up the capabilities, processes and systems necessary to achieve economies of scale in production in the dairy manufacturing industry and enable cost efficiencies to be achieved. Beston has stayed the course in the implementation of its 10 year Business Plan, notwithstanding the setbacks caused by the non-performance against contract by Kunteng and the Company's other

significant Chinese shareholder and the impacts of two years of drought and, more recently, the COVID-19 coronavirus.

- The Administration Expenses line highlighted in the summary table put forward by Kunteng comprises both operating overheads and corporate overheads and business support. The operating overheads are incurred at factory level and include the indirect costs of production operations and indirect labour/factory supervision. Of these operating overheads the major cost items are indirect labour/factory supervision, depreciation and repairs and maintenance. They also include business support costs incurred at the factory level of which insurance is a significant cost item (around \$2.0 million per annum currently).
- The equity/net assets line in the Additional Member Statement reflects the book value of assets only (i.e. the cost of acquisition of the assets after depreciation and write downs). The figures should not be interpreted as reflecting either the present market values or replacement values.

Adjourned AGM

As advised to shareholders, the Annual General Meeting scheduled for Thursday 26 November, 2020 was adjourned because the Company was concerned about possible voting associations in the proxy votes which were received for the meeting. A decision was taken to adjourn the AGM to allow the Company time to consider whether there have been any unacceptable circumstances, and to have the opportunity to obtain legal advice on the matter. The decision to adjourn the meeting took into account the best interests of all shareholders and had regard to the legal obligations of the Company.

The Company advised the market in an announcement dated 4 December 2020 that it had referred the matters of concern to the Australian Securities and Investment Commission (ASIC) and to the Foreign Investment Review Board (FIRB).

In order to allow time for the authorities to investigate the matters of concern and taking into account the festive and holiday season and ensuring

shareholders can participate in the meeting if they wish, the adjourned meeting was rescheduled to Friday, 29 January 2021 at 10:30am.

The suggestion by Kunteng that the proxy votes received for the AGM should have been disclosed is misguided. As all resolutions need to go to a poll, the proxy votes are only some of the votes that would be counted at the AGM. Therefore to disclose proxy votes received would not be an indication of whether or not a particular resolution would be passed as poll votes cast during the AGM may result in a different outcome. Therefore to release proxy votes may create a misleading impression of the outcome of the voting on the resolutions. Further, as shareholders have the ability to withdraw or alter their proxy votes ahead of the adjourned AGM, the proxy votes lodged in respect of the initial AGM in November 2020, may not bear any correlation to how shareholders will vote at the adjourned AGM and therefore is likely to be misleading.

The obligations referred to in the Additional Member Statement submitted by Kunteng were contained in the Share Subscription Agreement signed by Kunteng's parent company, DHG. The commentary by Kunteng in relation to these obligations is incorrect. The obligations are contained in Clauses 4.1(a)(c), Clause 4.2(a) and Clause 4.2(c) of the signed Subscription Agreement held on the Company's records.

Kunteng's Request for a Board Seat

Kunteng is a minority shareholder in Beston (with a 10.63% shareholding currently) and has no automatic entitlement to a Board seat as implied by Kunteng. That said, as part of its actions to have a positive constructive relationship with Kunteng as explained above, Beston has made numerous offers to appoint Kunteng's nominee, Mr Yuan Ma, to the Board of the Company, subject to undergoing the usual due diligence enquiries (including police checks and the completion of a standard questionnaire for new Board nominees). However, despite repeated requests by Beston, Mr Ma has failed to respond to requests for him to undergo due diligence enquiries, including the most recent request made on 23 December, 2020.

Kunteng is agitating for shareholders to vote in favour of Mr Ma's election at the adjourned AGM and to vote against the remuneration report and for the Spill Motion.

Kunteng has not made a case as to why Mr Ma should be afforded the opportunity to circumvent the due diligence processes used for Board appointments which would allow him to be vetted by normal processes (including police checks).

As explained in the Update Memorandum attached to the Notice of Adjourned AGM, given that the remuneration of key executives and related matters is covered under the Investment Management Agreement presently in place with the Company, there is no legitimate reason to vote against the Remuneration Report. Rather, it would appear that if shareholders voted in accordance with Kunteng's recommendations, this may result in a change in control of the Company without a formal takeover offer for the Company.

Rights Issue

As Beston has advised shareholders, the purpose of the Rights Issue is to meet one of the key conditions of the SA Government \$2.0 million grant for the accelerated expansion of Beston's Lactoferrin plant.

Having become aware of delays experienced by shareholders in receiving Rights Issue Offer documents in the mail over the Christmas period, and as a result of requests from shareholders, the Board of Beston, in consultation with its Advisers and Underwriters, resolved to extend the closing date for the Rights Issue to Wednesday 3 February 2021 to ensure that eligible shareholders have an appropriate amount of time to make an informed decision in respect of the offer. The extension to 3 February is well beyond the date of the adjourned AGM and means that shares issued pursuant to the Rights Issue will not be voted at the adjourned AGM on 29 January 2021.

Further, Beston has released an allocation policy in relation to placing shares from the Top-Up Offer and any shortfall which excludes such shares being placed with Directors or associates of Beston, or which would be in contravention of section 606 of the Corporations Act.

SUMMARY

Kunteng have not put forward any alternative business strategy for the Company, nor demonstrated any capability to execute on the existing strategy.

If Kunteng is successful in its efforts to bring about a Second Strike and Spill Motion, this may result in damage to the Company and harm the interest of other shareholders. It may also result in there being a change in control of Beston without a formal takeover being made.

We encourage you to support the Board and Management by lodging your proxy for the forthcoming adjourned AGM on 29 January 2021, if you have not done so already. The meeting and your proxy vote, is extremely important for the future of the Company and the future of your investment.

Please do not hesitate to contact the Chairman or any of the below listed officers of the Company should you wish to discuss the content of the Memorandum or require more information.

Roger Sexton AM (work) 08 8231 2777
Chairman (mob) 0418 802 818

Richard Wilson (mob) 0411 411 485
Company Secretary

Jonathan Hicks (work) 08 8470 6130
Chief Executive (mob) 0408 960 463

Darren Flew (work) 08 8470 6123
Chief Financial Officer (mob) 0438 823 614

4 January 2021

Richard Wilson
Company Secretary
Beston Global Food Company Limited
Level 9
420 King William Street
Adelaide South Australia 5000

Dear Sir

REQUEST FOR DISTRIBUTION OF STATEMENT TO MEMBERS PURSUANT TO SECTION 249P OF THE CORPORATIONS ACT 2001 (CTH)

Reference is made to the notice given by the undersigned to Beston Global Food Company Limited ACN 603 023 383 (the **Company**) on 6 October 2020 under section 249N of the *Corporations Act 2001* (Cth) (the **249N Notice**).

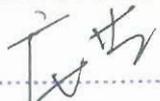
The undersigned is a member of the Company holding at least 5% of the votes that may be cast on the resolution referred to in the 249N Notice.

Pursuant to section 249P of the Corporations Act, the undersigned hereby requests the Company to give to all of its members a copy of the enclosed statement in support of those of the resolutions referred to in the Notices that are proposed to be moved at the next general meeting of the Company. The undersigned recognises that it is liable pursuant to section 249P(8) of the Corporations Act for the expenses reasonably incurred by the Company in distributing the enclosed statement and is ready to pay these expenses.

Executed by Kunteng Pte Ltd by authority
of its director

For and on behalf of

KUNTENG PTE. LTD.


.....
Authorized Signature(s)

Signature of director

Yi ZHUANG 庄艺

Name of director (print)

MEMBER'S STATEMENT PURSUANT TO SECTION 249P OF THE CORPORATIONS ACT 2001 (CTH)

1 Background of Kunteng's investment into BFC

Kunteng is a long-term shareholder of BFC. Kunteng was attracted to the BFC opportunity presented as it provided:

- Opportunities to spread both geographic and product/business risk.
- Excellent Investment returns presented and promised.
- Local engagement through a China based facilitator (close confidant of Dr Roger Sexton).
- A proposed direct working relationship.

As a result of this, Kunteng, as the nominee of its parent company, Dalian Hairunlai Group Co., Ltd (**DHG**), subscribed for its shareholding in BFC pursuant to a share subscription agreement between DHG and BFC dated 31 August 2016 (**Share Subscription Agreement**) whereby Kunteng paid \$28.8 million for its investment at \$0.45 per BFC share.

2 Financial results of the past five years.

Below is a summary of the financial result of BFC over the last 5 financial years.

Million \$	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	18.96	24.55	48.26	85.23	103.17
Cost of sales of goods	-8.54	-14.44	-32.66	-81.08	-93.87
Other expenses from ordinary activities	-10.42	-21.48	-35.85	-25.90	-28.43
Administration expenses	-8.95	-17.78	-29.01	-23.51	-25.24
Total comprehensive profit/loss attributable to Owners of BFC	-1.76	-8.19	-12.35	-35.86	-11.34
Total Assets	127.84	146.31	158.68	140.56	145.35
Total Equity / Net Assets	116.31	134.14	121.29	80.11	79.99
Net cashflows	11.82	9.80	-24.56	-2.31	8.71
Net cashflows from operating	-16.71	-11.59	-29.78	-9.11	-13.71
Net cashflows from investing	-63.97	-6.13	-17.12	-13.05	3.03
Net cashflows from financing	92.50	27.51	22.34	19.85	19.38

3 Adjourned November 26 2020 AGM

It is Kunteng's belief that one of the key reasons that the AGM on 26 November 2020 was adjourned was that the proxy position was against the resolutions for the remuneration report and for the spill meeting of the board of the directors. Kunteng has requested that BFC disclose the proxy position on numerous occasions but it has refused to do so.

In the notice of meeting for the adjourned 2020 AGM to be held on 29 January 2021, BFC has stated that Kunteng has failed to meet certain obligations contained in the Share Subscription Agreement. This is incorrect and misleading. Kunteng never signed the Share Subscription Agreement. Kunteng's parent company, DHG signed the Share Subscription

Agreement with BFC. In addition, BFC states on page 8 of the notice of meeting to have failed to meet the following obligations:

- 1) to use its best endeavours to establish a formal relationship with Cheom C & Co Ltd and Beston for the sale of products in Korea;
- 2) to use its best endeavours to utilise its relationship with Shanghai Greenland Group and other supermarket groups in Chia to establish a sales relationship between these entities and BFC; and
- 3) to use its best endeavours to introduce customers to BFC which would have extended total order values of at least \$20 million during the 2016/2017 financial year.

These obligations are not contained in the Share Subscription Agreement. The above were contained in a non-binding letter of intent which was a pre-cursor to the Share Subscription Agreement but these obligations were never formalised in the Share Subscription Agreement. For BFC to say otherwise is incorrect and misleading.

4 Kunteng's request in relation to a board seat

Over the last two years, Kunteng has been consistently and politely asking for a Board seat. These requests have not resulted in a board seat and Kunteng has been forced to seek election of its nominee, Mr Yuan Ma. That is why Kunteng urges shareholders to vote in favour of Mr Ma's election and to vote against the remuneration report and for the spill meeting.

5 Rights issue

Kunteng is concerned with the structure and the timing of the recently announced rights issue. Kunteng has recently written to BFC regarding this, in particular the timing of the rights issue, and is waiting to hear whether BFC will extend the rights issue given the holiday and festive period.

Kunteng is also concerned with the structure of the rights issue as it gives the directors a significant discretion in placing shares from the top-up offer and the shortfall shortly prior to the adjourned AGM.

6 Previous 249P Statement

Kunteng refers to the previous 249P statement sent to shareholders with the original notice of meeting for the AGM and re-iterates its concerns with BFC, in particular the performance of BFC (see financial performance over the last 5 financial years above). Kunteng notes that the composition of the board has recently been refreshed, however Kunteng believes this has only occurred as a result of the proxy votes at the original AGM.

For the reasons set out above, Kunteng considers that the election of Mr Ma as a director of BFC at the upcoming AGM is in the best interests of all BFC shareholders and recommends that shareholders vote FOR the election of Mr Yuan Ma at the AGM.