



Dear Bullseye Shareholders

Au Xingao takeover offer for Bullseye

On 4 March 2022, your Board provided you with an update in relation to the takeover offer (**Offer**) for Bullseye which has now been made by Au Xingao Investment Pty Ltd (**Au Xingao**), to which was attached the following documents which you should have now received from Au Xingao:

- Au Xingao's Replacement Bidder's Statement dated 23 February 2022 (**Replacement Bidder's Statement**); and
- Au Xingao's Second Supplementary Bidder's Statement dated 3 March 2022 (**Second Supplementary Bidder's Statement**).

That update included a section under the heading "*Why isn't Bullseye providing due diligence access to Au Xingao?*". That section went on to note the Board's position that:

- certain clauses in the Bid Implementation Agreement between Bullseye and Emerald (**BIA**) prevented Bullseye from providing non-public information about the business or affairs of the Bullseye Group to Au Xingao in circumstances where the Bullseye Board had determined that the Offer was not a superior proposal as compared to the Emerald takeover offer; and
- as the Board had determined that the Offer was not a superior proposal, Bullseye was prevented from providing due diligence access to Au Xingao.

Shareholders should be aware that, whilst the relevant clauses of the BIA referred to above have indeed been a critical factor in Bullseye not providing due diligence access to Au Xingao, those clauses ceased to legally bind Bullseye as at 1 March 2022. Accordingly, the Bullseye Board met again over the recent long weekend, on 7 March 2022, to determine the Board's current position in relation to Au Xingao's request for due diligence access.

For clarity, Au Xingao's most recently-stated position in relation to due diligence is that:

- the defeating condition to which its Offer is subject and which relates to due diligence (which is set out in full in section 10.6(i) of the Replacement Bidder's Statement) (**Due Diligence Condition**) has been triggered because Bullseye has not to date provided due diligence access to Au Xingao;
- Au Xingao will, however, treat that condition as being satisfied if Bullseye provides the information to which that condition relates within 10 business days of the date of the Offer; and
- by way of carve-out from the operation of the Due Diligence Condition (**DD Carve-Out**), Bullseye may withhold from that information any information which relates directly to the Supreme Court oppression proceedings between Bullseye and Au Xingao's related entity Hongkong Xinhe International Investment Company Limited (**Xinhe**) which are referred to in section 4.5 of the Replacement Bidder's Statement.

At its meeting on 7 March 2022, your Board noted that Bullseye is not legally obliged to provide due diligence and determined that, at the present time, it is not prepared to provide due diligence access to Au Xingao on the basis sought by way of the Due Diligence Condition. The Board's reasons for its determination in that regard included that:

1. A large volume of up-to-date publicly available information now exists in relation to Bullseye (including in terms of Bullseye's original Target's Statement in response to Emerald's offer and Bullseye's Supplementary Target's Statement subsequently produced in compliance with orders made by the Takeover Panel, which collectively amount to approximately 150 pages of information), which is sufficient for Au Xingao or any other prospective bidder both to form a view about the company's position and prospects and enable it to formulate a takeover offer and prepare associated offer documents (including its bidder's statement) – and, in fact, Au Xingao has done precisely that without the need for extensive due diligence.
2. Whereas originally the provision by Bullseye of due diligence access of the kind sought by Au Xingao in the Due Diligence Condition was one of the pre-conditions to Au Xingao offering Bullseye shareholders the opportunity to benefit from a higher offer price (of \$0.35 per Bullseye share), on 1 March 2022 Au Xingao announced that it had increased its offer price to \$0.35 and, accordingly, compliance with the Due Diligence Condition is no longer linked to the opportunity for Bullseye shareholders to receive a higher price from Au Xingao.
3. Bullseye is currently in protracted litigation with Xinhe/Au Xingao, where the supply of additional commercially sensitive information would in the Board's view be harmful to the current proceedings. In that regard, any "carve-out" provisions, including the DD Carve-Out, would be unworkable given the scope of the litigation and the capacity for the information to be misused to the detriment of the company and its shareholders. In any event, the DD Carve-Out as proposed by Au Xingao is insufficiently precise to enable the Board to properly understand exactly what information might be caught by that carve-out and accordingly be in a position to know in what circumstances it would be able to ensure with certainty that Au Xingao would treat the Due Diligence Condition as having been satisfied.
4. Bullseye has recently determined that the Au Xingao offer is not a superior proposal as compared with the Emerald bid (and, as a result, the Board continues to recommend the Emerald bid).
5. Bullseye is mindful that, whilst the exclusivity period under the BIA has passed, the company still remains bound by the agreement (which requires, amongst other things, that the directors continue to recommend the Emerald bid and do not change their position regarding the voting of their own shares and shares they control in favour of that bid, unless they make a determination regarding superiority which favours Au Xingao). The Board considers that it would be inconsistent with its publicly announced position in support of the Emerald bid (and contrary to the spirit if not the letter of the BIA) were it to provide due diligence to Au Xingao in the current circumstances.
6. In circumstances where:
 - the Au Xingao offer is not in the Board's view superior;
 - Emerald's bid is unconditional and it currently has a relevant interest in Bullseye of just under 50% (and, since the period of withdrawal rights ordered by the Panel has now expired, any increase in that position to above 50% will effectively mean that Emerald's takeover offer for Bullseye will have successfully resulted in Emerald obtaining control of the company – meaning that Au Xingao will, following the closure of the Emerald offer, remain a minority shareholder which has a history of agitation and litigation and may well be minded in future to continue to agitate and litigate against the company);

- Bullseye has a period of 10 business days commencing as at the date of opening of the Au Xingao offer (which opened on 3 March 2022) to further consider whether or not to provide due diligence access to Au Xingao, without there being any adverse effect for Bullseye shareholders in the meantime; and
- Au Xingao has already prepared and dispatched its bidder's statement, that document no longer mentions the possibility of a higher offer price should due diligence be granted and the Board accordingly has concerns that Au Xingao's motivation for seeking due diligence has less to do with the formulation of its own offer than it does to seek to use information which it might obtain as a result of that due diligence to further disrupt the Emerald bid,

the Board considers that it would not presently be appropriate or in the company's best interests to provide due diligence access to Au Xingao.

As stated in the Board's previous update of 4 March 2022 regarding the Offer and related matters, the Board will carefully monitor the share price performance of Emerald and the status of the conditions to the Offer (particularly in relation to FIRB approval) and will continue to review its position on an ongoing basis as appropriate.



Peter J Burns

Chairman

For and on behalf of the Board

8 March 2022
