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OF POTENTIAL

15 November 2021

Proposed appointment of new China sales channel and placement at 18% premium

- **Proposed strategic placement and associated sales channel appointment in China extending reach into retail outlets and additional online channels;**
- **Proposed placement to raise \$1,000,000 at \$0.026, an 18% premium to closing share price on 10 November 2021;**
- **New sales channel to be incentivised to achieve up to \$30,000,000 in sales and \$3,000,000 gross profit in first year;**
- **Deal structure will provide expanded access to general trade sales in China**

e-Commerce and digital marketing company RooLife Group Ltd (**ASX:RLG**) ("**RLG**" or "**Company**") has entered into a term sheet ("**Term Sheet**") to appoint a new China-based sales channel, the China Cross Border Trading Group consortium (collectively "**CCTG**") to sell RLG's portfolio of products, and for nominees of CCTG to take up a placement of securities in RLG.

Pursuant to the Term Sheet, RLG has entered into placement agreements with nominees of CCTG for the proposed issue of 38,461,538 new fully paid ordinary shares ("**Shares**") at an issue price of \$0.026, representing an **18% premium** to the closing share price on 10 November 2021, along with 4,807,692 unlisted options exercisable at \$0.05 on or before 30 November 2024, raising \$1,000,000 ("**Proposed Placement**"). The Proposed Placement will be subject to shareholder approval, unless the Company has the placement capacity under ASX Listing Rule 7.1 at the time of placement, which will be dependent upon certain shareholder approvals at the Company's upcoming Annual General Meeting.

The Shares are to be subject to voluntary escrow for a period of 6 months from date of issue.

Funds raised from the Proposed Placement will be used for working capital to further assist with sales and marketing, continued e-commerce platform enhancement, channel development for general trade and China-side distribution.

In addition to the Proposed Placement, CCTG and or its nominees will be entitled to 1,000,000 unlisted options exercisable at \$0.05 on or before 30 November 2024 ("**Incentive Options**"), for every \$1,000,000 in sales revenue with a minimum of \$100,000 gross margin (or equivalent gross profit amount) it provides directly to RLG for the 12 month period from completion, capped at 30,000,000 options. As such, CCTG may earn up to 30,000,000 Incentive Options in the first 12 months by providing up to \$30,000,000 in revenue with an associated gross margin of 10% or \$3,000,000 (or equivalent) directly to RLG.

CCTG will be responsible for identifying and driving general trade opportunities in the retail sector in China for RLG's portfolio of products. RLG will appoint CCTG to market and sell RLG products through its retail stores and sales channels in China and other locations by written agreement, with a view to extending RLG's reach and sales volumes in China as a priority ("**Channel Distribution**"). RLG will work with CCTG to review and select

products from RLG's portfolio for launch and identify other in-demand products for RLG to seek distribution and sales rights.

The terms and conditions of the Channel Distribution are to be formalised in a binding distribution and marketing services agreement between CCTG and RLG by 19 November 2021 as a condition precedent and will commence upon completion of the proposed placement.

Completion of this transaction, which is subject to satisfactory due diligence by both parties, will provide RLG with expanded access and expertise across the comparatively much larger general trade and retail market sector (in addition to its well-established cross border e-commerce trade) in China.

Under the terms of the agreement, the CCTG investment and sales channel operations consists of and will be led by Mr Gang Xu and his associates, namely: Mr Chuanshui (Frank) Yin, Mr Guoxian (Ted) Zheng, Mr Sikuo Yang, Mr Jiayi (Jack) Cai and Mr Yudong (Jordan) Zhang. Mr Gang Xu has significant experience in FMCG (Fast Moving Consumer Goods), multi-channel marketing, retail and distribution for global brands in China, cross border trade and technology alongside his ASX senior corporate experience.

Mr Xu, commented, "We were attracted to RLG's technology heritage and approach to sales management and the endorsements from global authentic brands and suppliers. I am very excited with the growth potential combining the capabilities and systems of RLG with CCTG's expertise, experience and access to current and proposed distribution through retail shops, department stores, supermarkets, and our other distribution channels in China.



Zhongshan Zhihe Commerce Chainstore Co., Ltd. (Chi Wo Supermarkets), Zhongshan City, Guangdong, China

CCTG has a range of closely associated retail outlets and distribution centres in Zhongshan, Xi'an, Nanjing, Yiwu and Daqing. Some of the first retail channels CCTG plan to work with RLG on include well-established partner retail enterprises in Zhongshan City, Guangdong."

RLG Managing Director, Bryan Carr commented, "We are delighted to be working with Mr Xu and team and the planned addition of these new sales channels strongly supports our strategy to provide both cross border e-commerce capabilities and in-market general trade sales capabilities.

It is a resounding endorsement for both RLG and for the confidence this group has in its own sales capabilities with the investment in RLG proposed at a strong premium to the current share price."

The structure of this partnership closely aligns both parties' interests with the sales and profit margin contribution from these new sales channels expected to contribute significantly towards the Company's profitability and market value.

ENDS

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