

20 February, 2017

ASX ANNOUNCEMENT

NETLINKZ SIGNS CHINA JV WITH JNN AND BEGINS TESTING PHASE WITH CHINA TELECOM

Netlinkz Limited (ASX:NET) has entered into a non-exclusive joint venture agreement with JianNan Information Technology Limited (JNN) aimed at growing the company's revenues in China through strategic licensing of its proprietary cloud network technology. The joint venture has successfully secured a customer trial of its technology with China Telecom Wuxi and is in ongoing negotiations with the organisation to commercialise the technology through its substantial customer base, pending a successful trial result.

China Telecom (NYSE: CHA, HKEX: 00728) is the third largest mobile provider and largest fixed line telecommunications provider in China. Its objective is to be the largest cloud software provider in China.

JNN and Netlinkz demonstrated the technology to China Telecom Wuxi late last year and the testing phase is expected to be complete by March.

Netlinkz Chairman, James Tsiolis said of the trial, "Our software engineers completed a live trial with China Telecom in November last year and the business was suitably impressed with the technology to push forward with a plan for customer trials almost immediately.

"Netlinkz is confident that its global award winning technology can successfully pass this trial phase as it has done in many other markets and is hopeful of concluding a distribution agreement based on a recurring revenue model soon thereafter," said James Tsiolis.

After careful due diligence, Netlinkz decided on software solutions provider, JNN, as the right joint venture partner to help it exploit the fast growing cloud networking market in China due in part to its e-commerce expertise, leadership team and demonstrated track record of monetising market leading technology in the Chinese economy.

Notably, JNN has a partnership agreement with SAP Anywhere in China and has been instrumental in growing that business' market presence over the last three years.

Under the terms of the joint venture agreement, JNN and its Founder and CEO, Mr Chuan Yang and his partners, will pay for all costs associated with supporting the China Telecom initiative.

Underlining JNN's commitment to the venture, the business has successfully secured the appropriate registration and licensing to allow for the sale of Netlinkz's VIN and VSP technologies in the market along with the infrastructure and professional staff needed to support Netlinkz's initial push into the market.

China Telecom has dedicated eight software engineers and three servers to the internal trial and partnership, while a number of Netlinkz employees have relocated to China to work with JNN staff to help ensure a smooth trial.

Work to date in China has been funded by Mr Yang, and Netlinkz has issued \$200,000 worth of shares at 4.5 cents as part of the terms of the joint venture agreement.

If stringent revenue, milestones and market penetration targets are met, Mr Yang and JNN will be paid by way of shares issued in Netlinkz at the prevailing market price. Mr Yang cannot own more than 10% of issued capital in Netlinkz.

Further specific details relating to the Joint Venture are still being negotiated as part of setting a pricing strategy for the Chinese market. More details will be disclosed upon completion of these discussions and the finalisation of the testing phase.

JNN and Netlinkz continue to work closely together to identify other suitable customers and partners in China.

The Company notes that the voluntary suspension is expected to end on the date announcements relating to the China and USA agreements are completed and released to the market. This is anticipated to happen with a five week period.

*****ENDS*****

Contact: Michael Zahn, ZMM Group +61407922918 or michael@zmmgroup.com

About NetLinkz Limited

Netlinkz provides secure and efficient cloud network solutions and is the world's only fully meshed peer-to-peer network provider. The company's technology makes Fortune-500 security commercially available for organizations of all sizes. Netlinkz has received numerous industry awards for its technology, including being a **worldwide winner of the Global Security Challenge**.