

11 July 2019

ASX ANNOUNCEMENT

Netlinkz Ltd (ASX: NET) announces it has signed a Memorandum of Understanding with iSoftStone Information Technology (Group) Co. Ltd (ISS) to establish a joint venture company in China to distribute and sell products developed from the Beijing IoT Lab.

NetLinkz Ltd (ASX: NET) ('NetLinkz') is pleased to announce that today it has signed a MOU with ISS to establish a joint venture company based in Beijing, China to commercialise the IP (including NetLinkz's VIN and VSP) that is being developed in the IOT Lab in Beijing.

NetLinkz announced to the ASX on 1 March 2019 that it had signed an agreement with ISS to establish an IoT Lab in ISS's Head Office in Beijing to jointly develop and commercialise NetLinkz's software for the market in China.

After significant product development and collaboration with current ISS customers in the IOT Lab in Beijing, ISS and NetLinkz have made a strategic decision to set up a sales, distribution and customer support joint venture company to establish a recurring revenue model from the sale of products developed in the IOT Lab in Beijing to the China market.

ISS and NetLinkz recognise the business opportunity in China for the SD WAN and IoT market with a focus on creating an infrastructure software solution business supporting the growth of cloud to edge networks. ISS has expertise in creating software in-a-box solutions and, with NetLinkz VIN and VSP software, the joint venture company will be able to provide a fully secure mesh network that has greater flexibility than MPLS for ISS customers and beyond.

ISS have agreed to purchase a minimum 100,150 VINs for their existing customers from the joint venture company once it is established – end of July 2019. Revenue for the joint venture company from the sale of the 100,150 VINS will be recurring monthly. Whilst pricing is confidential, the price for the 100,150 VINs will be higher than prices paid by customers in the China Telecom Wuxi JAST pilot program. The joint venture company will announce the new branding names for VIN and VSP as well as its new products for China in the coming weeks.

The joint venture company's focus will be on distribution and sales. It will be separate to the development of products and markets in the IOT Lab in Beijing which will continue to



develop products for the China market using both NetLinkz IP and ISS's IP. A customer call support centre has already been established in the Zibobei City in the Shandong Province.

ISS will be the controlling shareholder of the joint venture company (51:49) to allow product sales across all sectors in China including to Government, Government Agencies, State Owned Enterprises, China National Entities as well as private companies and foreign companies operating in China.

ISS and NetLinkz will both contribute equity capital funds for the joint venture company. The joint venture company will be registered with the Chinese Government to ensure licensing and permits to sell VIN and VSP products nationally.

Most importantly NetLinkz will earn a royalty as well as dividends from the joint venture company.

*****ENDS*****

About iSoftStone

iSoftStone is China's leading software and cloud-based technology developer with a national footprint and over 55,000 employees, 1,000+ local and Global Corporate Customers including 90+ Fortune 500 Companies. iSoftStone has existing commercial relationships with Industry Leaders such as Huawei, China Telecom, China Unicom, China Mobile, Tencent, Alibaba and Baidu.

About NetLinkz Limited

NetLinkz provides secure and efficient cloud network solutions. 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.

(www.netlinkz.com)