

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): September 19, 2013

WPCS INTERNATIONAL INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-34643
(Commission
File Number)

98-0204758
(IRS Employer
Identification No.)

One East Uwchlan Avenue, Suite 301, Exton, PA 19341
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (610) 903-0400

Copy of correspondence to:

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On September 19, 2013, WPCS Australia Pty Ltd (“WPCS Australia”), a wholly-owned subsidiary of WPCS International Incorporated (the “Company”) entered into a Securities Purchase Agreement (the “Agreement”) with Turquino Equity LLC, a limited liability company (“Turquino”), whose managing member is Andrew Hidalgo, former Chairman and Chief Executive Officer of the Company.

Pursuant to the Agreement, WPCS Australia agreed to sell 100% of the shares of The Pride Group (QLD) Pty Ltd (“Pride”), an Australian corporation wholly-owned by WPCS Australia, to Turquino, for \$1,400,000 (“Purchase Price”). At the Closing Date, the Company will settle the Purchase Price with Turquino by applying the net after tax severance balance due Mr. Hidalgo under his separation agreement, as partial payment towards the Purchase Price, and Turquino will pay cash for the difference between the Purchase Price and the net severance balance due. All terms used but not defined herein shall have the meanings ascribed thereto in the Agreement.

The Agreement contains a number of conditions to closing, including but not limited to the following:

- (i) Each of the WPCS Australia and Turquino shall have performed and complied with all terms of the Agreement required to be performed or complied with by it at or prior to the Closing Date;
- (ii) No action or proceeding by or before any governmental authority shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) which might restrain, prohibit or invalidate any of the transactions contemplated by the Agreement, other than an action or proceeding instituted or threatened by a party or any of its affiliates;
- (iii) The representations and warranties contained in made by each of WPCS Australia and Turquino to each other shall be true and correct in all material respects on the closing date as though made on and as of the closing date;
- (iv) WPCS Australia obtaining a fairness opinion that the Purchase Price is fair; and
- (v) The Company has obtained shareholder approval, if required.

There can be no assurance that the Agreement will close by November 1, 2013, the anticipated closing date, or at all.

The foregoing information is a summary of the Agreement, is not complete, and is qualified in its entirety by reference to the full text of the Agreement which is attached as exhibit 10.01 to this Current Report on Form 8-K. Readers should review the Agreement for a complete understanding of the terms, conditions and covenants associated with this transaction.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits.

10.01 Securities Purchase Agreement, dated as of September 19, 2013, by and between WPCS Australia Pty Ltd and Turquino Equity LLC.

SIGNATURE

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WPCS INTERNATIONAL INCORPORATED

Date: September 25, 2013

By: /s/ JOSEPH HEATER
Joseph Heater
Chief Financial Officer

SECURITIES PURCHASE AGREEMENT

by and between

WPCS AUSTRALIA PTY LTD

and

TURQUINO EQUITY LLC

dated as of September 19, 2013

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SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (the "Agreement"), dated as of September 19, 2013, by and between WPCS Australia Pty Ltd, an Australian corporation ("Seller"), and Turquino Equity LLC, a Delaware limited liability company ("Purchaser"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Section 7.07 hereof unless the context clearly provides otherwise.

WHEREAS, Seller owns all of the issued and outstanding capital stock of The Pride Group (QLD) Pty Ltd, an Australian corporation (the "Company"), which as of the date hereof consists of 97,939 shares of A Class Ordinary Shares (the "Shares"); and

WHEREAS, subject to the terms and conditions set forth herein, Purchaser desires to purchase from Seller all of the Shares and Seller desires to sell to Purchaser all of the Shares.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

PURCHASE AND SALE OF SHARES; CLOSING

SECTION 1.01. Purchase and Sale of the Shares; Payment

(a) On the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, transfer and deliver to Purchaser, and Purchaser shall purchase from Seller, the Shares for an aggregate cash purchase price (the "Purchase Price") of One Million Four Hundred Thousand Dollars (\$1,400,000) subject to adjustment as set forth herein. An amount equal to Eight Hundred Fifteen Thousand One Hundred Ninety-Two Dollars and Fifty Cents (\$815,192.50) (the "Net Severance Amount"), which represents the full net amount due to Andrew Hidalgo pursuant to the Severance Agreement, shall be credited against the Purchase Price and Purchaser shall send, by wire of immediately available funds, an amount equal to Five Hundred Eighty-Four Eight Hundred Seven Dollars and Fifty Cents (\$584,807.50) (the "Cash Component") pursuant to the written instruction to be delivered by the Seller to the Purchaser prior to the Closing Date. Notwithstanding the foregoing, in the event that the Closing occurs on a date that is not November 1, 2013, the Net Severance Amount and Cash Component will be adjusted accordingly to reflect the revised net amount due to Andrew Hidalgo pursuant to the Severance Agreement and the corresponding change to the Cash Component due at Closing.

(b) Within ninety (90) days after the Closing Date, the Purchaser shall cause to be prepared and delivered to Seller a calculation of the Company's net tangible asset value as of the Closing Date. Net tangible asset value is defined as total assets minus total liabilities minus intangible assets ("NTAV"). The Seller shall have a period of sixty (60) days to review the NTAV calculation. In the event the Seller and the Purchaser are unable to agree upon the NTAV after good faith negotiations for a period of 20 days, the Seller and the Purchaser shall submit such dispute for resolution to CohnReznick LLP (the "Independent Accounting Firm"), which shall determine and report to the parties and such report shall be final, binding and conclusive on the parties hereto. If the Independent Accounting Firm determines that the NTAV is within five percent (5%), whether greater or less, below the NTAV determined by the Purchaser, then the parties shall equally share the cost of the Independent Accounting Firm. If the Independent Accounting Firm determines that the NTAV is more than five percent (5%) above the NTAV determined by the Purchaser, then the Seller shall pay the fees and expenses of the Independent Accounting Firm. If the Independent Accounting Firm determines that the NTAV is more than five percent (5%) below the NTAV determined by the Purchaser, then the Purchaser shall pay the fees and expenses of the Independent Accounting Firm. The parties shall cooperate with one another and provide reasonable access of all pertinent books and records to the other party. In the event the NTAV as of the Closing Date shall be less than AUD \$1,400,000, the Seller shall be required to pay the Purchaser the amount of the shortfall. In the event the NTAV as of the Closing Date shall be greater than AUD \$1,500,000, the Purchaser shall be required to pay the Seller the amount of such excess. Any payments required to be made pursuant to this Section shall be paid within five (5) days after determination of the NTAV.

(c) The purchase and sale of the Shares is referred to in this Agreement as the "Acquisition."

SECTION 1.02. Closing Date. The closing of the Acquisition and the other transactions contemplated hereby (the "Closing") shall take place at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, New York 10006, at 10:00 a.m. on November 1, 2013 or on such other date as mutually agreed to by the parties (the "Closing Date"). The Closing shall be deemed to be effective as of 12:01 a.m. on the Closing Date.

SECTION 1.03. Transactions to be Effected at the Closing At the Closing:

(a) Seller shall deliver to Purchaser:

(i) A cross-receipt in the form of Exhibit A hereto executed by Seller;

(ii) certificates representing the Shares, duly endorsed in blank or accompanied by stock powers duly endorsed in blank in proper form for transfer; and

(iii) with the exception to Stephen Mullane, a duly executed resignation, effective as at the Closing, of each director of the Company set forth on Section 1.03(a)(iii) of the Company Disclosure Letter.

(b) Purchaser shall deliver to Seller:

(i) A cross-receipt in the form of Exhibit A hereto executed by Purchaser;

(ii) The Purchase Price; and

(iii) an assignment and assumption agreement for each Lease set forth on Section 1.03(b)(iii) of the Company Disclosure Letter in a form mutually acceptable to Seller, Purchaser and the applicable landlord transferring any related guarantees or obligations of Seller to Purchaser, executed by Purchaser.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in (i) the WPCS SEC Documents filed during the period beginning on November 1, 2009 and ending on the date of this Agreement (the "Filed WPCS SEC Documents"), to the extent reasonably apparent from the disclosure therein, or (ii) the disclosure letter, dated the date of this Agreement and delivered by Seller to Purchaser prior to the execution of this Agreement, together with any supplements delivered by Seller to Purchaser at or prior to the Closing Date to reflect any necessary changes between the date of execution of this Agreement and the Closing Date (the "Company Disclosure Letter"), which Company Disclosure Letter identifies the Section (or, if applicable, subsection) to which such exception relates (it being understood that disclosure in one section shall also apply to other sections to the extent it is reasonably apparent from the face of the disclosure that such disclosure would also apply to such other sections), Seller hereby represents and warrants to Purchaser as of the date hereof as follows:

SECTION 2.01. Organization.

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, each of the Seller and the Company (i) has been duly organized and is validly existing in good standing (to the extent such concept is applicable) under the Laws of its jurisdiction of organization, with all requisite corporate power and authority to own its properties and conduct its business as currently conducted and (ii) is duly qualified as a foreign corporation for the transaction of business, and is in good standing (to the extent such concept is applicable) under the Laws of each other jurisdiction in which it owns or leases properties, or conducts any business so as to require such qualification.

(b) Neither the Seller nor the Company is in breach or violation of any of its certificate of incorporation, bylaws or other Organizational Documents, except for any breach or violation that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Prior to the Closing Date, Seller will deliver or make available to Purchaser true and complete copies of the Company's certificate of incorporation, bylaws or other Organizational Documents, each as amended to date.

SECTION 2.02. Capitalization. The Shares are all of the issued and outstanding equity interests in the Company. All of the Shares have been duly authorized and validly issued, are fully paid and nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof, and are owned of record and beneficially by Seller. All of the Shares were issued in compliance with applicable Laws. None of the Shares were issued in violation of any agreement, arrangement or commitment to which Seller or the Company is a party or is subject to or in violation of any preemptive or similar rights of any Person. There are no outstanding or authorized options, warrants or other rights of any kind relating to the sale, issuance or voting of any Shares or any securities convertible into or evidencing the right to purchase any Shares. The Company does not own any shares of capital stock of or equity interests in (including any securities exercisable or exchangeable for or convertible into capital stock of or other voting or equity interests in) any other Person.

SECTION 2.03. Authority; Execution and Delivery; Enforceability. Seller has full power and authority to execute this Agreement and to consummate the Acquisition and the other transactions contemplated hereby. The execution and delivery by Seller of this Agreement and the consummation by Seller of the Acquisition and the other transactions contemplated hereby have been duly authorized by all necessary corporate action, except for WPCS Shareholder Approval. Seller has duly executed and delivered this Agreement and, assuming that this Agreement is the valid and binding agreement of Purchaser, this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other Laws affecting creditors' rights generally, and to general principles of equity.

SECTION 2.04. Title to Shares. Except as set forth on Section 2.04 of the Company Disclosure Letter, Seller has good and valid title to the Shares, free and clear of all Liens other than Permitted Liens. Upon Seller's receipt of the Purchase Price, good and valid title to the Shares will pass to Purchaser, free and clear of all Liens, other than those arising from acts of Purchaser and other than Permitted Liens.

SECTION 2.05. No Conflicts; Consents.

(a) Except as set forth in Section 2.05(a) of the Company Disclosure Letter, the execution and delivery by Seller of this Agreement do not, and the performance of this Agreement, including the consummation of the Acquisition and the other transactions contemplated hereby and compliance by Seller with the terms hereof will not, (1) conflict with, constitute or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of the Company under, any provision of (i) the certificate of incorporation, bylaws or other Organizational Documents of Seller or the Company, (ii) any Material Contract to which the Company is a party or by which any of its properties or assets is bound, or (iii) any Law applicable to the Company or its properties or assets, other than in each case any such items that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, or (2) result in the creation or imposition of any Lien other than Permitted Liens on any properties or assets of the Company.

(b) Except as set forth on Section 2.05(b) of the Company Disclosure Letter, no notice to, or Consent of, any Person, or registration, declaration or filing with, any Governmental Entity is required to be obtained or made by Seller or the Company in connection with Seller's execution, delivery and performance of this Agreement or Seller's consummation of the Acquisition or the other transactions contemplated hereby except for such Consents, registrations, declarations or filings which, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.06. Financial Information. The (i) consolidated financial statements of Seller and its consolidated Subsidiaries included or incorporated by reference in the WPCS 2013 10-K, and (ii) the unaudited July 31, 2013 financial statements of the Company included in Section 2.06 of the Company Disclosure Letter, are based on the books and records of the Company, and fairly present in all material respects the consolidated financial position of Seller as they relate to the Company, as of the dates indicated therein and the consolidated results of their operations and cash flows for the periods specified therein, and, except as stated therein, such financial statements were prepared in conformity with GAAP applied on a consistent basis.

SECTION 2.07. Absence of Changes. Since April 30, 2013 until the date hereof, no event or circumstance has occurred that, individually, or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.08. No Undisclosed Liabilities. Except as and to the extent disclosed in the Filed WPCS SEC Documents, the Company has not had any liabilities or obligations of any nature, whether or not accrued, absolute, contingent, unliquidated or otherwise, whether due or to become due and whether or not required to be disclosed, reserved against or otherwise provided for which is required by GAAP to be set forth on a consolidated balance sheet of WPCS and its consolidated Subsidiaries or in the notes thereto, other than liabilities or obligations (i) in the amounts reflected on or reserved against in WPCS' consolidated balance sheet as of April 30, 2013 including in WPCS' financial statements or (ii) that are incurred in the ordinary course of business since April 30, 2013.

SECTION 2.09. Litigation. There is no pending, or to Seller's Knowledge, threatened in writing action, claim, suit, proceeding or investigation against the Company, or to which any property, assets or rights of the Company is subject, nor is the Company subject to any Order that remains outstanding or unsatisfied, in each case, except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.10. Condition of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are operational and in a condition adequate and sufficient for use in the Company's business as it has been conducted to date and as it shall be conducted in the future by Purchaser, ordinary wear and tear excepted.

SECTION 2.11. Compliance with Laws; Permits.

(a) The Company has all permits, licenses, franchises, authorizations, Orders and approvals of, and has made all filings, applications and registrations with, all Governmental Entities that are required in order to permit it to own, lease or license their properties, assets and rights, and to carry on their business as presently conducted, except where the failure to have such permits, licenses, franchises, authorizations, Orders and approvals or the failure to make such filings, applications and registrations would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. All such permits, licenses, certificates of authority, Orders and approvals are in full force and effect and, to Seller's Knowledge, no suspension or cancellation of any of them is threatened in writing, and all such filings, applications and registrations are current, except where such absence, suspension or cancellation would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(b) The Company is in compliance with all applicable Laws, except where the failure to so comply would not result in a Company Material Adverse Effect. This Section 2.10(b) does not relate to matters with respect to the compliance of the financial statements with the Securities Act, the Exchange Act or SOX (which are the subject of Section 2.06), Taxes (which are the subject of Section 2.11), Company Benefit Plans (which are the subject of Section 2.12) and environmental matters (which are the subject of Section 2.14).

SECTION 2.12. Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) there has been filed by or on behalf of the Company all material Tax Returns required to be filed by the applicable Company, (ii) all Taxes of the Company (whether or not shown on such Tax Returns) have been or will be paid in a timely fashion or, where payment is not yet due, have been adequately provided for in the financial statements of the Company in accordance with GAAP, and (iii) no audit or other proceeding by any Governmental Entity is pending with respect to any Taxes due from the Company, except with respect to matters for which adequate reserves have been established in accordance with GAAP. Notwithstanding the above, Seller agrees to fully indemnify Purchaser in any amount for any Tax payments Purchaser ultimately has to make with respect to any time period prior to the date hereof as a result of findings by a Governmental Entity that Seller has violated applicable Law.

SECTION 2.13. Labor and Employee Benefit Matters.

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) the Company is in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, (ii) there is no unfair labor practice complaint against the Company pending before any Governmental Entity, (iii) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the Knowledge of the Seller, threatened against the Company, (iv) there are no unpaid dues, assessments, fines or other expenses regarding the Company relating to any union violation, audit and/or issue, and (v) except as set forth on Section 2.12(a)(v) of the Company Disclosure Letter, there are no collective bargaining or other labor union Contracts to which the Company is a party or by which the Company is bound.

(b) Section 2.12(b) of the Company Disclosure Letter sets forth a list as of the date of this Agreement of each material Employee Program sponsored, maintained, or contributed to by the Company in which present or former employees of the Company participate or for which the Company has any material liability (collectively, the "Benefit Plans"). Except as set forth in Section 2.12(b) of the Company Disclosure Letter, no Benefit Plan is a (pension or non-pension) employee benefit plan to which more than one employer contributes and which is maintained pursuant to one or more collective bargaining agreements.

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Benefit Plans are in compliance with all applicable requirements of applicable Laws and have been administered in accordance with their terms and such Laws.

(d) There are no pending or, to the Knowledge of the Seller, threatened, claims with respect to any Benefit Plans, other than ordinary and usual claims for benefits by participants and beneficiaries, that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.14. Real Property. The Company does not own any real property. Section 2.13 of the Company Disclosure Letter sets forth a complete and correct list in all material respects of the real property leased by the Company (the "Leased Real Property," and the leases, together with any amendments and modifications thereto, pursuant to which such real property is leased, the "Leases"), which list sets forth each Lease and the address, landlord and tenant for each Lease. The Company is not a lessor, sublessor or grantor under any lease, sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any Leased Real Property. To Seller's Knowledge, the Company has valid leasehold interest in all of the Leased Real Property, subject to no Liens other than Permitted Liens. The Company is in compliance with the terms of all leases relating to the Leased Real Property to which it is a party, except such compliance which has not had or would not reasonable be expect to have, individually or in the aggregate, a Company Material Adverse Effect. To Seller's Knowledge, all such material Leases relating to the Leased Real Property are in full force and effect, and the Company enjoys peaceful and undisturbed possession under all such applicable leases.

SECTION 2.15. Environmental.

(a) The Company is in compliance with all applicable Environmental Laws and has obtained and is in compliance with all applicable permits, licenses and authorizations required under applicable Environmental Laws, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(b) The Company has not received a notice in writing of violation or notification in writing of liability or potential liability arising out of any Environmental Law, and there is no Litigation or claim pending or, to Seller's Knowledge, overtly threatened in writing under any Environmental Law, except in each case, with respect to any violation or liability that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(c) Except for matters that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, no Release of Hazardous Substances has occurred at, on, above, under or from any real property currently or formerly owned, leased, operated or used by the Company that has resulted or would reasonably be expected to result in a material investigation or remedial action.

SECTION 2.16. Contracts. Each written contract to which the Company is a party or by which it is bound, which is material to the business of such Company (each a "Material Contract"), is valid and binding on the Company in accordance with its terms and is in full force and effect, except to the extent that the invalidity or non-binding nature of any Material Contract would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, and none of the Company or, to the Seller's Knowledge, any other party thereto is in breach or of default under (or received any written notice alleging to be in breach or of default under) of any such Material Contract, or has provided or received any written notice of any intention to terminate, any Material Contract, except for defaults which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.17. Intellectual Property.

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company owns, or possess sufficient and legally enforceable licenses or other rights to use, any and all Intellectual Property necessary for the conduct of the businesses and operations of the Company as currently conducted.

(b) To Seller's Knowledge, the conduct of the business of the Company does not infringe, conflict with or otherwise violate any Intellectual Property of any Person, and the Company has not received written notice or has knowledge of any such infringement, conflict or other violation, except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.18. Brokers and Finders. Neither the Company nor its Affiliates have retained any agent, broker, investment banker, financial advisor or other firm or Person that is or will be entitled to any brokers' or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

SECTION 2.19. Disclosure. No representation or warranty of Seller or the Company in this Agreement and no statement in the Company Disclosure Letter contains any material untrue statement or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading. No notice given pursuant to Section 7.06 will contain any untrue statement or omit to state a material fact necessary to make the statements therein or in this Agreement, in light of the circumstances in which they were made, not misleading. To the Seller's Knowledge, there is no fact that has specific application to the Company (other than general economic or industry conditions) that could have a Company Material Adverse Effect on the financial or other condition, results of operations, assets, liabilities, equity, business or prospects of the Company that has not been set forth in this Agreement.

SECTION 2.20. Disclaimer of Other Representations and Warranties. Except as otherwise expressly set forth in this Article II, Seller makes no other representations or warranties and expressly disclaims any other representations or warranties of any kind or nature, express or implied, as to the condition, value or quality of the business of the Company or the assets of the Company, and Seller specifically disclaims any implied representation or warranty of merchantability, usage, suitability or fitness for any particular purpose with respect to the assets of the Company, or any part thereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows as of the date hereof:

SECTION 3.01. Organization.

(a) Purchaser has been duly incorporated and is validly existing as a limited liability company in good standing under the Laws of the State of Delaware, with all requisite corporate power and authority to own its properties and conduct its business as currently conducted, and, except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, is duly qualified as a foreign limited liability company for the transaction of business, and is in good standing (to the extent such concept is applicable) under the Laws of each other jurisdiction in which it owns or leases properties, or conducts any business so as to require such qualification.

(b) Purchaser is not in breach or violation of its articles of incorporation, bylaws, or other Organizational Documents.

SECTION 3.02. Authority; Execution and Delivery; Enforceability. Purchaser has full power and authority to execute this Agreement and to consummate the Acquisition and the other transactions contemplated hereby. The execution and delivery by Purchaser of this Agreement and the consummation by Purchaser of the Acquisition and the other transactions contemplated hereby have been duly authorized by all necessary corporate action. Purchaser has duly executed and delivered this Agreement and, assuming that this Agreement is the valid and binding agreement of Seller, this Agreement constitutes a legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other Laws affecting creditors' rights generally, and to general principles of equity.

SECTION 3.03. No Conflicts; Consents.

(a) The execution and delivery by Purchaser of this Agreement do not, and the consummation of the Acquisition and the other transactions contemplated hereby and compliance by Purchaser with the terms hereof will not, (i) have a Purchaser Material Adverse Effect or (ii) conflict with, constitute or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Purchaser under, any provision of (A) its articles of incorporation, bylaws, other governing instrument or comparable Organizational Documents of Purchaser, (B) any contract to which Purchaser is a party or by which any of its properties or assets is bound, (C) any Law applicable to Purchaser or its properties or assets, other than, in the case of clauses (B) and (C) above, any such items that, individually or in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

(b) No Consent of, or registration, declaration or filing with, any Governmental Entity is required to be obtained or made by Purchaser in connection with the execution, delivery and performance of this Agreement or the consummation of the Acquisition or the other transactions contemplated hereby.

SECTION 3.04. Investment Representation. Purchaser acknowledges that Seller has made (or caused to be made) available to Purchaser and its representatives the opportunity to ask questions of the officers and management of the Company as well as access to the documents, information and records of the Company, and Purchaser confirms that it has made an independent investigation, analysis and evaluation of the Company and its assets, liabilities, business and financial condition. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the Company and the merits and risks of an investment in the Shares. Purchaser is acquiring the Shares for its own account and for investment and not with a view toward or for sale in connection with any distribution (as such term is used in Section 2(a)(11) of the Securities Act) thereof in violation of the Securities Act. Purchaser is an “accredited investor” (as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act) and understands that the Shares have not been registered under the Securities Act or registered or qualified under any applicable state securities laws. Purchaser understands and agrees that the Shares may not be sold, transferred, offered for sale or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act, and without compliance with state, local and foreign securities laws, in each case, to the extent applicable.

SECTION 3.05. No Knowledge of Misrepresentation or Omission. To the Knowledge of the Purchaser, the representations and warranties of Seller made in this Agreement are true and correct. Purchaser does not have any actual knowledge of any material errors in, or material omissions from, any Section of the Company Disclosure Letter.

SECTION 3.06. Brokers and Finders. Neither Purchaser nor its Affiliates has retained any agent, broker, investment banker, financial advisor or other firm or Person that is or will be entitled to any brokers’ or finder’s fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

SECTION 3.07. Solvency. Assuming Seller’s representations and warranties contained in Article II are true and correct immediately after giving effect to the transactions contemplated by this Agreement and Seller has complied with its covenants hereunder, as of the Closing Date, the Company shall be able to pay its debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities). Assuming Seller’s representations and warranties contained in Article II are true and correct immediately after giving effect to the transactions contemplated by this Agreement and Seller has complied with its covenants hereunder, as of the Closing Date, the Company shall have adequate capital to carry on its businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company.

SECTION 3.08. Certain Purchaser Acknowledgments

(a) Purchaser acknowledges that neither Seller nor the Company, nor any other Person acting on behalf of Seller or the Company or any of their Affiliates has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding Seller or the Company or their respective businesses or assets, except as expressly set forth in Article II. Purchaser further agrees that neither Seller nor any other Person shall have or be subject to any liability to Purchaser or any other Person resulting from the distribution to Purchaser, or Purchaser's use of, any such information and any information, document or material made available to Purchaser or Purchaser's representatives in certain "data rooms," management presentations or any other form in expectation of the transactions contemplated by this Agreement.

(b) In connection with Purchaser's investigation of the Company, Purchaser or Purchaser's representatives have received from or on behalf of Seller and the Company certain projections, including projected statements of operating revenues and income from operations of the Company and certain business plan information. Purchaser acknowledges that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that Purchaser is familiar with such uncertainties, that Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), and that Purchaser shall have no claim against Seller or any other Person with respect thereto. Accordingly, neither Seller nor any other Person makes any representations or warranties whatsoever with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts).

ARTICLE IV

COVENANTS

SECTION 4.01. Access and Investigation. Between the date of this Agreement and the Closing Date and upon reasonable advance notice from Purchaser, Seller will, and will cause the Company and its representatives to, (a) afford Purchaser and its representatives and prospective lenders and their representatives full and free access to the Company's personnel, properties (including subsurface testing), Contracts, books and records, and other documents and data, (b) furnish such Persons with copies of all such Contracts, books and records, and other documents and data as Purchaser may reasonably request, and (c) furnish such Persons with such additional financial, operating and other data and information as Purchaser may reasonably request.

SECTION 4.02. Negative Covenant. Except as otherwise expressly permitted by this Agreement, between the date of this Agreement and the Closing Date, Seller will not, and will not cause or permit the Company to, without the prior consent of Purchaser, (a) make any modifications to any Material Contract or Permit except in the ordinary course of business and consistent with past business practices, or (b) enter into any compromise or settlement of any pending or threatened Litigation.

SECTION 4.03. Required Approvals. As promptly as practicable after the date of this Agreement, Seller will, and will cause the Company to, (i) submit this Agreement to the shareholders of WPCS for their approval of the Agreement, the Acquisition and all the transactions contemplated hereby, (ii) obtain such consents set forth on Section 2.05(b) of the Company Disclosure Letter (each a "Material Consent") and (iii) obtain a fairness opinion that the Purchase Price being paid by Purchaser to Seller for the Company is fair (the "Fairness Opinion"). Between the date of this Agreement and the Closing Date, Seller will, and will cause the Company to cooperate with Purchaser with respect to all filings that Purchaser elects to make or that Purchaser is required by Law to make in connection with the Acquisition.

SECTION 4.04. Confidentiality. Purchaser acknowledges that the information being provided to it in connection with the Acquisition and the consummation of the other transactions contemplated by this Agreement is subject to the terms of that certain confidentiality agreement between Purchaser and Seller, dated as of September 3, 2013 (the "Confidentiality Agreement"), the terms of which are incorporated in this Agreement by reference. Effective upon, and only upon, the Closing, the Confidentiality Agreement shall terminate with respect to information relating solely to the Company; provided, however, that Purchaser acknowledges that any and all other information provided to it by Seller, Seller's Affiliates or Seller's representatives concerning Seller and its Affiliates shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing Date.

SECTION 4.05. Retention of Books and Records. For a period of seven (7) years following the Closing, Purchaser shall retain the books and records of the Company, and upon reasonable notice, afford the officers, employees, agents and representatives of Seller reasonable access (including the right to make photocopies, at the expense of Seller), during normal business hours, to such books and records.

SECTION 4.06. Certain Consents and Waivers. Notwithstanding the items disclosed in Section 2.05(b) of the Company Disclosure Letter, Purchaser acknowledges that only the Material Consents shall have been obtained prior to the Closing Date and certain consents and waivers other than the Material Consents with respect to the transactions contemplated by this Agreement may be required from parties to the Contracts, Governmental Entities or other Persons and that such consents and waivers have not been obtained. Except for the Material Consents, Seller shall not have any liability to Purchaser or the Company arising out of or relating to the failure to obtain any consents or waivers that may be required in connection with the transactions contemplated by this Agreement or because of the termination of any Contract or revocation, suspension or termination of any Permit as a result thereof.

SECTION 4.07. Expenses: Transfer Taxes.

(a) Except as otherwise set forth in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expense, including all costs and expenses incurred pursuant to this Section 4.04.

(b) Notwithstanding anything to the contrary contained herein, Purchaser shall pay the amount of any documentary, sales, use, real property transfer, real property gains, registration, value-added, transfer, stamp, recording and other similar Taxes, fees, and costs together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with this Agreement and the transactions contemplated hereby. Each Party shall use commercially reasonable efforts to avail itself of any available exemptions from any Taxes, and to cooperate with the other Parties in providing any information and documentation that may be necessary to obtain such exemptions.

SECTION 4.08. Post-Closing Cooperation. Seller and Purchaser shall cooperate with each other, and shall cause their Affiliates and their officers, employees, agents, auditors and representatives to cooperate with each other, for a reasonable period after the Closing to ensure the orderly transition of the Company from Seller to Purchaser and to minimize any disruption to the Company and the other respective businesses of Seller and Purchaser that may result from the transactions contemplated by this Agreement. After the Closing, upon reasonable written notice, Seller and Purchaser shall furnish or cause to be furnished to each other and their Affiliates and their respective employees, counsel, auditors and representatives access, during normal business hours, to such information and assistance relating to the Company (to the extent within the control of such Party) as is reasonably necessary for financial reporting and accounting matters.

SECTION 4.09. Publicity. No public release or announcement concerning the Acquisition and the other transactions contemplated by this Agreement shall be issued by any Party following the Closing Date without the prior consent of the other Parties (which consent shall not be unreasonably withheld), except as such release or announcement may be required by Law or the rules or regulations of any securities exchange, in which case the Party required to make the release or announcement shall allow the other Party reasonable time to comment on such release or announcement in advance of such issuance.

SECTION 4.10. Further Assurances. From time to time, as and when requested by any Party, each Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions, as such other Party may reasonably deem necessary or desirable to complete the Acquisition and to consummate the transactions contemplated by this Agreement.

SECTION 4.11. Survival and Right to Indemnification.

(a) All of Seller's representations, warranties, covenants, and/or obligations in this Agreement, and any other certificate or document delivered pursuant to this Agreement will survive the Closing and the consummation of the transactions contemplated herein for a one year period from the Closing; however, that representations and warranties with respect to tax and securities law matters shall survive for the applicable statute of limitations.

(b) Seller will indemnify and hold harmless Purchaser and its employees, officers, directors and shareholders (collectively, the "Turquino Indemnified Persons") and will pay to the Turquino Indemnified Persons the amount of any damages arising, directly or indirectly, from any breach in any respect of any representation, warranty, covenant and /or obligation made by Seller in this Agreement or in any other certificate or document delivered pursuant to this Agreement; provided, however, that in no event shall Seller's liability under this Agreement or in connection with any certificate or document delivered pursuant to this Agreement exceed an aggregate amount of One Hundred Thousand Dollars (\$100,000).

SECTION 4.12. Employment and Indemnification Agreement Assumptions. Purchaser hereby agrees to assume the obligations of WPCS under the existing employment agreement with Matthew Hidalgo and the existing indemnification agreements between WPCS and each of Stephen Mullane and Mark Eaton.

ARTICLE V

CONDITIONS TO CLOSE

SECTION 5.01. Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchaser's waiver, at or prior to the Closing, of each of the following conditions:

(a) All of Seller's and Company's representations and warranties in this Agreement (considered both collectively and individually) must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing Date as if then made;

(b) All of the covenants and obligations that the Seller is required to perform or to comply with under this Agreement on or before the Closing Date (considered both collectively and individually) must have been duly performed and complied with in all material respects at Purchaser's reasonable satisfaction;

(c) Since the date of this Agreement, no event or circumstance shall have occurred that, individually, or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect;

(d) There must not have been made or threatened by any Person who is not a party to this Agreement any claim asserting that such Person (a) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any stock of or any other voting, equity or ownership interest in the Company, or (b) is entitled to all or any portion of the Purchase Price; and

(e) There must not be in effect any Law or Order that (a) prohibits the Acquisition or consummation of the transactions contemplated under this Agreement and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

SECTION 5.02. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

- (a) All of Purchaser's representations and warranties in this Agreement (considered both collectively and individually) must have been accurate in all material respects as of the date of this Agreement and must be accurate in all material respects as of the Closing Date as if then made;
- (b) All of the covenants and obligations that Purchaser is required to perform or to comply with under this Agreement on or before the Closing Date (considered both collectively and individually) must have been duly performed and complied with in all material respects at Seller's reasonable satisfaction;
- (c) WPCS Shareholder Approval has been obtained,
- (d) The Fairness Opinion has been obtained, and
- (e) There must not be in effect any Law or Order that (a) prohibits the Acquisition or consummation of the transactions contemplated under this Agreement and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

ARTICLE VI

TERMINATION

SECTION 6.01. Termination Events. Subject to Section 6.02, this Agreement may, by notice given before or at the Closing, be terminated:

- (a) by mutual consent of Purchaser and Seller;
- (b) by Purchaser or Seller if (i) WPCS Shareholder Approval is not obtained at a shareholder meeting duly called where such proposal is submitted to the vote of the shareholders of WPCS or (ii) the Fairness Opinion is not obtained;
- (c) by Purchaser if Seller has committed a material breach of any provision of this Agreement, Purchaser has not waived such material breach and Seller has not cure such material breach within 30 days of receipt of written notice (with specificity) of such;
- (d) by Seller if Purchaser has committed a material breach of any provision of this Agreement, Seller has not waived such material breach and Purchaser has not cure such material breach within 30 days of receipt of written notice (with specificity) of such;
- (e) by Purchaser if the satisfaction of any condition in Section 5.01 is or becomes impossible (other than through the failure of Purchaser to comply with its obligations under this Agreement) and Purchaser has not waived such condition; or

(f) by Seller if the satisfaction of any condition in Section 5.02 is or becomes impossible (other than through the failure of Seller to comply with its obligations under this Agreement) and Seller has not waived such condition.

SECTION 6.02. Effect of Termination. Each Party's right of termination under Section 6.01 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 6.01, all obligations of the Parties under this Agreement will terminate, except that the obligations in Sections 7.09, 7.10, 7.11, 7.12, and 7.13 will survive; provided, however, that if this Agreement is terminated by a Party because of the breach of the Agreement by another Party or because one or more of the conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of any other Party's failure to comply with its obligations under this Agreement, the terminating Party's right to pursue all legal remedies, including the right to an immediate refund of any amounts paid to the other Party under this Agreement, will survive such termination unimpaired.

ARTICLE VII

GENERAL PROVISIONS

SECTION 7.01. Statutes. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been amended or re-enacted.

SECTION 7.02. Non-Business Days. Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment shall be made or such action shall be taken on or not later than the next succeeding Business Day.

SECTION 7.03. Amendments; Waivers. This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by Seller and Purchaser. By an instrument in writing, Purchaser or Seller may waive compliance by the other with any term or provision of this Agreement that such other Party was or is obligated to comply with or perform. No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 7.04. Assignment. This Agreement and the rights and obligations under this Agreement shall not be assignable or transferable by any Party (including by operation of law in connection with a merger or consolidation of such Party) without the prior written consent of the other Party, such consent not to be unreasonably withheld. Any attempted assignment in violation of this Section 5.04 shall be void.

SECTION 7.05. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 7.06. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested), (c) on the date sent by facsimile (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient, or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.06):

If to Purchaser, to: Turquino Equity LLC
10 East Kentucky Avenue
Long Beach Township, NJ 08008
Phone: (610) 564-5574
Attention: Andrew Hidalgo, Managing Partner

with a copy (which will not constitute notice) to: Miller, Canfield, Paddock, and Stone, P.L.C.
500 Fifth Avenue, 43rd Floor
New York, New York 10110
Fax no: (212) 704-4410
Phone: (212) 704-4414
Attention: Gurinder J. Singh

If to Seller, to: WPCS Australia Pty Ltd
c/o WPCS International Incorporated
One East Uwchlan Avenue
Suite 301
Exton, Pennsylvania, 19341
Facsimile: (610) 903-0401
Attention: Chief Executive Officer

with a copy (which will not constitute notice) to: Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, New York 10006
Facsimile: (212) 930-9725
Attention: Thomas A. Rose

or to such other Persons, addresses or facsimile numbers as may be designated in writing by the Person entitled to receive such communication as provided above.

SECTION 7.07. Interpretation; Exhibits and Sections; Certain Definitions

(a) The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section or Exhibit, such reference shall be to a Section of or Exhibit to this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” A reference in this Agreement to \$ or dollars is to U.S. dollars, except any reference to AUD \$ refers to Australian dollars. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to “this Agreement” shall include all Exhibits hereto and the Company Disclosure Letter.

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(c) For all purposes of this Agreement:

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with, such Person. For the purposes of this definition, “control” (including, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by Contract or otherwise.

“Business Day” means any day, other than Saturday, Sunday or any day on which banking institutions located in New York City are authorized or required by Law or other governmental action to close.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Material Adverse Effect” means any event, change, development, effect or occurrence (an “Effect”) that, individually or together with any other Effect, is materially adverse to the business, assets, liabilities, results of operations or condition (financial or otherwise) of the Company, taken as a whole; provided, however, that in determining whether a Company Material Adverse Effect has occurred, there shall be excluded any Effect to the extent resulting from the following: (a) any Effect affecting the businesses or industries in which the Company operates (including general pricing changes), (b) any change in general economic or business conditions, including changes in the financial, securities or credit markets (including changes in interest rates and currency rates), or changes in such conditions in any area in which the Company operates, (c) any change in global or national political conditions, (d) the negotiation, execution, announcement, pendency or performance of this Agreement and the transactions contemplated by this Agreement, (e) any failure, in and of itself, of the Company to meet any estimates, expectations, forecasts or projections, including revenues, earnings or other measures of financial performance, for any period; provided, however, that the facts and circumstances underlying any such failure may, except as may be provided in subsections (a), (b), (c), (d), (f), (g), (h), (i) or (j) of this definition, be considered in determining whether a Company Material Adverse Effect has occurred, (f) any change in GAAP or other accounting standards or any change in any Laws or interpretations thereof, in each case, after the date of this Agreement, (g) any act of God or any change that is the result of any outbreak or escalation of acts of war, material armed hostilities or other material international or national calamity, acts of terrorism or natural disasters, (h) any loss of or adverse change in the business relationship between the Company, on the one hand, and Purchaser or any of its Affiliates, on the other hand, (i) any fees, expenses or change of control payments incurred in connection with this Agreement and the transactions contemplated by this Agreement or (j) any action expressly required or permitted by this Agreement, including actions required to be taken by this Agreement upon the specific request of Purchaser, or the failure to take any actions due to the restrictions set forth in this Agreement; except, with respect to clauses (a), (b), (c), (f) or (g), so long as such changes do not have a disproportionate adverse impact on the Company, taken as a whole, relative to other businesses of similar size operating in the same industry in which the Company operates.

“Consent” means any consent, approval, authorization, permit, clearances, exemption and notice.

“Contracts” means any contracts, agreements, licenses, notes, bonds, mortgages, deeds, undertakings, indentures, leases or other binding instruments or binding commitments, whether written or oral.

“Employee Program” means (a) all employee share or benefit plans within the meaning of Division 13 of the Income Tax Assessment Act 1997 (Cth), including, but not limited to multiple employer welfare arrangements, plans to which more than one unaffiliated employer contributes, and employee benefit plans (such as foreign or excess benefit plans) which do not qualify under the aforementioned Division 13; and (b) all share and stock option plans, bonus or incentive award plans, severance pay policies or agreements, deferred compensation agreements, supplemental income arrangements, vacation plans, and all other employee benefit plans, agreements, and arrangements not described in (a) above.

“Environmental Law” means any Law regulating or relating to the protection of human health, safety, natural resources or the environment.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“GAAP” means generally accepted accounting principles in the United States in effect from time to time.

“Governmental Entity” means any international, national, federal, state, provincial or local governmental, regulatory or administrative authority, agency, commission, court, tribunal, arbitral body, self-regulated entity or similar body, whether domestic or foreign.

“Hazardous Substance” shall mean (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws, and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

“Intellectual Property” means all intellectual property and other similar proprietary rights in any jurisdiction, whether owned or held for use under license, whether registered or unregistered, including such rights in and to: (a) patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof, continuing patent applications, reexaminations, and extensions thereof, any counterparts claiming priority therefrom, utility models, patents of importation/confirmation, certificates of invention, certificates of registration and like rights (“**Patents**”); inventions, invention disclosures, discoveries and improvements, whether or not patentable; (b) copyrights and all other similar rights throughout the world; (c) design rights; (d) trade names, logos, trademarks and service marks, trade dress, certification marks and the goodwill associated with the foregoing; (e) trade secrets (including, those trade secrets defined in the Uniform Trade Secrets Act or under similar foreign statutory and common law), business, technical and know-how information, databases, data collections and other confidential and proprietary information and all rights therein; (f) software, including data files, source code, object code, application programming interfaces, architecture, documentation, files, records, schematics, computerized databases and other software-related specifications and documentation; and (g) Internet domain names; and in each case of (a) to (g) above, including any registrations of, applications to register, and renewals and extensions of, any of the foregoing with or by any Governmental Entity in any jurisdiction.

“Laws” means any domestic or foreign laws, common law, statutes, ordinances, rules, regulations, codes, Orders or legally enforceable requirements enacted, issued, adopted, promulgated, enforced, ordered or applied by any Governmental Entity.

“Liens” means, with respect to any property or asset, all pledges, liens, mortgages, charges, encumbrances, hypothecations, options, rights of first refusal, rights of first offer and security interests of any kind or nature whatsoever.

“Litigation” means any action, cause of action, claim, cease and desist letter, demand, suit, arbitration proceeding, citation, summons, subpoena or investigation or proceeding of any nature, civil, criminal, regulatory or otherwise, at law or in equity.

“Order” means order, writ, assessment, decision, injunction, decree, ruling or judgment of a Governmental Entity.

“Organizational Documents” means the articles of incorporation, certificate of incorporation, charter, bylaws, articles of formation, certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments or certificates executed, adopted, or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto.

“Party” means any of Purchaser or Seller, and “Parties” means both of them collectively.

“Permitted Liens” means (a) statutory Liens for current Taxes or other governmental charges or assessments not yet due and payable or the amount or validity of which is being contested in good faith (provided appropriate reserves required pursuant to GAAP have been made in respect thereof), (b) mechanics’, carriers’, workers’, repairers’ and similar statutory Liens arising or incurred in the ordinary course of business for amounts which are not delinquent or which are being contested by appropriate proceedings (provided appropriate reserves required pursuant to GAAP have been made in respect thereof), (c) zoning, entitlement, building and other land use regulations imposed by Governmental Entities having jurisdiction over such Person’s owned or leased real property, which are not violated by the current use and operation of such real property, (d) covenants, conditions, restrictions, easements and other similar non-monetary matters of record affecting title to such Person’s owned or leased real property, which do not materially impair the occupancy or use of such real property for the purposes for which it is currently used in connection with such Person’s businesses, (e) any right of way or easement related to public roads and highways, and (f) Liens arising under workers’ compensation, unemployment insurance, social security, retirement and similar legislation.

“Permits” means any material certificates, licenses, permits, authorizations and approvals required by Law in connection with the operation of the business of either Company as presently conducted.

“Person” means any individual, corporation, limited or general partnership, limited liability company, limited liability partnership, trust, association, joint venture, Governmental Entity and other entity and group (which term will include a “group” as such term is defined in Section 13(d)(3) of the Exchange Act).

“Purchaser Material Adverse Effect” means a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or on the ability of Purchaser to consummate the Acquisition and the other transactions contemplated hereby.

“Purchaser’s Knowledge” or “Knowledge of the Purchaser” means the actual knowledge of the managing member of Purchaser.

“Release” means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, migration, transporting, placing and the like, including without limitation, the moving of any materials through, into or upon, any land, soil, surface water, groundwater or air, or otherwise entering into the indoor or outdoor environment.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Seller’s Knowledge” or “Knowledge of the Seller” means the actual knowledge of the directors of Seller.

“Subsidiary” means, when used with respect to any party, any corporation or other organization, whether incorporated or unincorporated, a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its subsidiaries, or by such party and one or more of its subsidiaries.

“Taxes” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

“Tax Returns” means any return, declaration, report, claim for refund, information return or statement or other document required to be filed with or provided to any taxing authority in respect of Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“WPCS” means WPCS International Incorporated, a Delaware corporation and the parent company of the Seller.

“WPCS 2013 10-K” means WPCS’ Annual Report on Form 10-K for the fiscal year ended April 30, 2013 filed with the SEC.

“WPCS SEC Documents” means all forms, statements, reports and documents, together with any required amendments thereto, that WPCS was required to file or furnish with the SEC pursuant to the Securities Act and the Exchange Act.

“WPCS Shareholder Approval” means the consent from the shareholders of WPCS approving the Agreement, the Acquisition and all the transactions contemplated hereby at a duly called meeting of WPCS’ shareholders.

(d) Index of Defined Terms.

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SECTION 7.08. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Parties. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

SECTION 7.09. Entire Agreement; Survival. This Agreement (including the Exhibits to this Agreement), the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter of this Agreement and supersede all other prior agreements and understandings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement. In the event of any inconsistency between the statements in the body of this Agreement, the Confidentiality Agreement and the Company Disclosure Letter (other than an exception expressly set forth as such in the Company Disclosure Letter), the statements in the body of this Agreement will control. The Confidentiality Agreement will survive the Closing Date in accordance with its terms.

SECTION 7.10. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

SECTION 7.11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of Delaware.

SECTION 7.12. Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 5.12.

SECTION 7.13. Consent to Jurisdiction. Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, or, if (and only if) such court lacks subject matter jurisdiction, the Federal court of the United States of America sitting in New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the agreements delivered in connection herewith or the transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, and each of the parties hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in the United States District Court for the Southern District of New York, or, if (and only if) such court lacks subject matter jurisdiction, the Federal court of the United States of America sitting in New York, and any appellate court from any thereof, (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in the United States District Court for the Southern District of New York, or, if (and only if) such court lacks subject matter jurisdiction, the Federal court of the United States of America sitting in New York, and any appellate court from any thereof, (c) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in the United States District Court for the Southern District of New York, or, if (and only if) such court lacks subject matter jurisdiction, the Federal court of the United States of America sitting in New York, and any appellate court from any thereof and (d) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in the United States District Court for the Southern District of New York, or, if (and only if) such court lacks subject matter jurisdiction, the Federal court of the United States of America sitting in New York, and any appellate court from any thereof. Each Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 5.13. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by Law.

[signature page follows]

IN WITNESS WHEREOF, Seller and Purchaser have duly executed this Agreement as of the date first written above.

WPCS AUSTRALIA PTY LTD

By: /s/ JOSEPH HEATER

Name: Joseph Heater

Title: Director

TURQUINO EQUITY LLC

By: /s/ ANDREW HIDALGO

Name: Andrew Hidalgo

Title: Managing Member

Signature Page to Securities Purchase Agreement
