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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): December 4, 2017

**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.)

521 Railroad Avenue  
Suisun City, California

(Address of Principal Executive Office)

94585

(Zip Code)

Registrant's telephone number, including area code (707) 432-1300

(Former Name or Former Address, if Changed Since Last Report)

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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## Item 1.01 Entry into a Material Definitive Agreement.

### *Agreement and Plan of Merger*

As previously reported on a Form 8-K filed on September 6, 2017, WPCS International Incorporated (**WPCS**), DC Acquisition Corporation (**Merger Sub**), a wholly-owned subsidiary of WPCS, and DropCar, Inc. (**DropCar**) entered into an Agreement and Plan of Merger, dated as of September 6, 2017 (the **Merger Agreement**), pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into DropCar, with DropCar surviving as a wholly-owned subsidiary of WPCS (the **Merger**). As a result of the Merger, the DropCar stockholders will acquire a majority of the issued and outstanding shares of WPCS, the senior executive officers of DropCar will become the senior executive officers of WPCS and persons designated by DropCar will become a majority of the members of the WPCS board of directors.

On December 4, 2017, WPCS, Merger Sub and DropCar entered into Amendment No. 3 to the Merger Agreement (**Amendment No. 3**). The primary purpose of Amendment No. 3 is to make certain changes to the definition of Exchange Ratio that were agreed to by the parties in connection with the Repricing Offer described below. The principal changes to the definition of Exchange Ratio are as follows:

1. The number of shares of WPCS common stock that are deemed to be outstanding at the time of the Merger was increased to 6,530,681. Previously it had been 6,118,689.
2. WPCS equity allocation percentage was increased to 16.01%. It had previously been 15%. Consequently, DropCar's equity allocation percentage is reduced to 83.99% from 85%.

As a result of the foregoing changes, the number of shares of WPCS common stock that will be issued to DropCar's securityholders and advisors will be reduced, although the DropCar securityholders and advisors will still own a majority of the issued and outstanding shares of WPCS common stock following the Merger. The reduction in the number of shares to be issued by WPCS in the Merger will result in a reduction in the number of shares of WPCS common stock that will be allocated to DropCar's advisors in connection with the Merger. Thus, the Advisory/Commitment Allocation Percentage was reduced to 15.6% from 15.8%.

Amendment No. 3 also includes a revised Exhibit D, which sets forth the formula for adjusting the equity allocation percentages in the event WPCS Net Cash (as defined in the Merger Agreement) at the time of the Merger is more or less than \$419,000. The change in the formula reflects the changes set forth in paragraphs 1 and 2 above.

Finally, Amendment No. 3 includes a new exhibit, B-3, which is the form of an Amended and Restated Support Agreement, dated as of December 4, 2017, which was executed by Alpha Capital Anstalt (**Alpha**), DropCar's largest stockholder, DropCar and WPCS, and which supersedes the Support Agreement that Alpha had previously entered into with DropCar in which it agreed to vote any shares of WPCS common stock that it owns on the record date for the Special Meeting in favor of the Merger. The Amended and Restated Support Agreement provides that Alpha will own 9.99% of the outstanding shares of WPCS common stock on the record date for the Special Meeting (as a result of conversion of shares of WPCS convertible preferred stock and/or exercise of warrants).

The preceding summary does not purport to be complete and is qualified in its entirety by reference to Amendment No. 3 and the form of Amended and Restated Support Agreement with Alpha, which are filed as Exhibits 2.1 and 2.2, respectively, to this Current Report on Form 8-K and which are incorporated herein by reference.

### *Repricing Offer*

On December 4, 2017, WPCS offered (the **Repricing Offer Letter**) the holders of its Series H-1 Warrants (the **Holders**) the opportunity to exercise such Warrants for cash at a reduced exercise price of \$1.21 per share (the **Reduced Exercise Price**) provided such Series H-1 Warrants are exercised for cash on or before 5:00 P.M. Eastern Standard time on December 26, 2017 (the **End Date**). In addition, if more than 50% of the Series H-1 Warrants are exercised for cash by the Holders prior to the End Date, WPCS will issue to the initial holders of the Series H-1 Warrants a "reload" warrant covering one share for each Series H-1 Warrant exercised during that period with a strike price equal to the fair market value of a share of WPCS common stock on the date such reload warrant becomes issuable (the **Reload Warrants**). The terms of the Reload Warrants would be substantially identical to the terms of the Series H-1 Warrants except that: (i) the expiration date of the reload warrant would be seven (7) years from the date of issuance; (ii) the Reload Warrants would have more limited cashless exercise rights than the H-1 Warrants; and (iii) WPCS' obligation to register the resale of the shares issuable upon exercise of the Reload Warrants will be deferred. Finally, the Holders have entered into an irrevocable agreement with Alpha pursuant to which they have agreed to sell to Alpha any Series H-1 Warrants that are unexercised as of the End Date. Such sale will take place promptly after the End Date. WPCS received acceptance of the Reduced Exercise Price offer from all of the Holders on December 5, 2017.

If the Holders exercise all their Series H-1 Warrants, the aggregate gross proceeds to WPCS will be approximately \$1,474,000.

The description of terms and conditions of the Repricing Offer Letter and the Reload Warrants set forth herein do not purport to be complete and are qualified in their entirety by reference to the full text of the form of Repricing Offer Letter and the Reload Warrants, which is attached hereto as Exhibit 10.1 and 10.2, respectively.

**Item 3.02 Unregistered Sales of Equity Securities.**

The disclosures in Item 1.01, above, with respect to the Reload Warrants are incorporated herein by reference. Neither the Reload Warrants nor the shares of WPCS common stock to be issued upon their exercised have been registered.

**Item 9.01 Financial Statements and Exhibits.**

Reference is made to the Exhibit Index included with this Current Report on Form 8-K.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**WPCS International Incorporated**

Dated: December 6, 2017

By: /s/ David Allen  
David Allen, Chief Financial Officer

**EXHIBIT INDEX**

| <b>Exhibit No.</b> | <b>Description</b>   |
|--------------------|--|
| <u>2.1</u>         | <u>Amendment No. 3 to Agreement and Plan of Merger, dated December 4, 2017, by and among WPCS International Incorporated, DC Acquisition Corporation and DropCar, Inc.</u>   |
| <u>2.2</u>         | <u>Final form of Amended and Restated Support Agreement, by and among Alpha Capital Anstalt, DropCar, Inc. and WPCS International Incorporated. (included as Exhibit B-3 to Exhibit 2.1 hereto)</u>  |
| <u>10.1</u>        | <u>Final form of the Repricing Offer Letter, dated December 4, 2017, from WPCS International Incorporated to each of Iroquois Master Fund, Iroquois Capital Investment Group, LLC and American Capital Management, LLC.</u>                      |
| <u>10.2</u>        | <u>Final form of Reload Warrant by and between WPCS International Incorporated and each of Iroquois Master Fund, Iroquois Capital Investment Group, LLC and American Capital Management, LLC. (included as Exhibit 1 to Exhibit 10.1 hereto)</u> |

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**AMENDMENT NO. 3**  
**TO AGREEMENT AND PLAN OF MERGER**

AMENDMENT NO. 3 (this "Amendment") TO AGREEMENT AND PLAN OF MERGER, dated as of December 4, 2017, by and among WPCS International Incorporated, a Delaware corporation ("WPCS"), DC Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of WPCS ("Merger Sub"), and DropCar, Inc., a Delaware corporation ("DropCar"). Each of WPCS, Merger Sub and DropCar is sometimes referred to herein as a "Party" and collectively as the "Parties." Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Merger Agreement (as defined below).

**RECITALS**

**WHEREAS**, the Parties have entered into that certain Agreement and Plan of Merger and Reorganization, dated as of September 6, 2017, as amended by Amendment No. 1, dated as of October 10, 2017, and Amendment No. 2, dated as of November 21, 2017 (collectively, the "Merger Agreement"); and

**WHEREAS**, each of the Parties has agreed to amend the Merger Agreement as set forth herein.

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

1. Amendment to Recital F. Recital F of the Merger Agreement is hereby amended and restated in its entirety as follows:

F. Concurrently with the execution and delivery of this Agreement and as a condition and inducement to the Company's willingness to enter into this Agreement, certain officers, directors and certain 5% or greater stockholders of WPCS and certain other 5% or greater stockholders (together with their Affiliates) of WPCS, each as listed on Section A of the WPCS Disclosure Schedule (solely in their capacity as stockholders of WPCS) are executing support agreements in favor of the Company in substantially the form attached hereto as Exhibit B-1, B-2, and B-3, respectively (the "WPCS Stockholder Support Agreement"), pursuant to which such Persons have, subject to the terms and conditions set forth therein, agreed to vote all of their shares of capital stock of WPCS in favor of the approval of this Agreement and thereby approve the Contemplated Transactions and against any competing proposals.

2. Amendment to Section 3.6(a). Section 3.6(a) of the Merger Agreement is hereby amended and restated in its entirety as follows:

(a) The capitalization of WPCS is as set forth in Section 3.6(a) of the WPCS Disclosure Schedules. The Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the exercise of employee stock options under the WPCS Stock Plans, the issuance of shares of Common Stock to employees pursuant to the WPCS Stock Plans, the issuance of shares of WPCS Common Stock pursuant to the exercise of WPCS Warrants and pursuant to the conversion and/or exercise of Common Stock equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act.

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3. Amendment to Section 8.1. Section 8.1 of the Merger Agreement is hereby amended and restated in its entirety as follows:

**8.1 Accuracy of Representations.** Each of the WPCS Fundamental Representations shall have been true and correct in all respects as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date (except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date). The WPCS Capitalization Representations shall have been true and correct as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date, except, in each case, (x) for such inaccuracies which are de minimis, individually or in the aggregate, (y) for those representations and warranties which address matters only as of a particular date (which representations and warranties shall have been true and correct, subject to the qualifications as set forth in the preceding clause (x), as of such particular date) or (z) changes to WPCS' capitalization arising from transactions occurring after September 6, 2017, which have been expressly consented to in writing by DropCar. The representations and warranties of WPCS and Merger Sub contained in this Agreement (other than the WPCS Fundamental Representations and the WPCS Capitalization Representations) shall have been true and correct as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on the Closing Date except (a) in each case, or in the aggregate, where the failure to be true and correct would not reasonably be expected to have a WPCS Material Adverse Effect (without giving effect to any references therein to any WPCS Material Adverse Effect or other materiality qualifications), or (b) for those representations and warranties which address matters only as of a particular date (which representations shall have been true and correct, subject to the qualifications as set forth in the preceding clause (a), as of such particular date) (it being understood that, for purposes of determining the accuracy of such representations and warranties, any update of or modification to the WPCS Disclosure Schedule made or purported to have been made after the date of this Agreement shall be disregarded).

4. Amendment to definition of "Exchange Ratio". The definition of "Exchange Ratio" is hereby amended and restated in its entirety as follows:

"**Exchange Ratio**" shall mean, subject to Section 1.5(e), the following ratio (rounded to four decimal places): the quotient obtained by dividing (a) the Company Merger Shares by (b) the Company Outstanding Shares, in which:

- "**Advisory/Commitment Allocation Percentage**" shall equal 0.1560 (or 15.60% expressed as a percentage), which equals 18.58% of the Company Merger Shares as of the date of this Agreement; provided, that the Advisory/Commitment Allocation Percentage shall be subject to adjustment based on any increase or decrease in the Company Merger Shares such that at all times the Advisory/Commitment Allocation Percentage shall be equal to 18.58% of the Company Merger Shares.
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- “**Company Allocation Percentage**” shall mean (i) 1.00 (or 100% expressed as a percentage) minus (ii) the sum of (A) the WPCS Allocation Percentage, (B) the Palladium Allocation Percentage and (C) the Advisory/Commitment Allocation Percentage.
  - “**Company Fully-Diluted Merger Shares**” shall mean the product determined by multiplying (i) the Post-Closing WPCS Shares by (ii) the Company Allocation Percentage.
  - “**Company Merger Shares**” shall mean the product determined by multiplying (i) the Company Fully-Diluted Merger Shares by (ii) a fraction, the numerator of which equals (A) the Company Fully-Diluted Shares minus (B) the Company Warrant Shares, and the denominator of which equals the Company Fully-Diluted Shares.
  - “**Company Fully-Diluted Shares**” shall mean the total number of shares of Company Capital Stock outstanding immediately prior to the Effective Time expressed on a fully-diluted and as-converted to Company Common Stock basis and assuming, without limitation or duplication, (i) the exercise of all Company Warrants outstanding as of immediately prior to the Effective Time, (ii) the issuance of shares of Company Common Stock in respect of all other options, warrants or rights to receive such shares that will be outstanding immediately prior to the Effective Time, other than the Company Warrants, (iii) the effectiveness of the Company Closing Financing and the issuance of all Company Common Stock or WPCS Common Stock, as the case may be, in connection therewith and (iv) the issuance of a number of shares of Company Common Stock equal to the Company Allocation Percentage of the total number of shares of WPCS Common Stock, if any, and Company Capital Stock, if any, issued in connection with any Additional Financing; *provided, however*, that, for purposes of this clause (iv), (A) the Company Allocation Percentage shall be calculated without regard to sub-clauses (B) and (C) of clause (ii) of the definition of Company Allocation Percentage and (B) shall be deemed to be 100% with respect to the issuance of shares of WPCS Common Stock or Company Common Stock, as the case may be, in an aggregate amount equal to the Affiliate Warrant Proceeds included in the Company Closing Financing.
  - “**Company Outstanding Shares**” shall mean the total number of shares of Company Capital Stock outstanding immediately prior to the Effective Time expressed on an as-converted to Company Common Stock basis and assuming, without limitation or duplication, (i) the issuance of shares of Company Common Stock in respect of all options, warrants or rights to receive such shares that will be outstanding immediately prior to the Effective Time, other than the Company Warrants, (ii) the effectiveness of the Company Closing Financing and the issuance of all Company Common Stock or WPCS Common Stock, as the case may be, in connection therewith and (iii) the issuance of a number of shares of Company Common Stock equal to the Company Allocation Percentage of the total number of shares of WPCS Common Stock, if any, and Company Capital Stock, if any, issued in connection with any Additional Financing; *provided, however*, that, for purposes of this clause (iii), (A) the Company Allocation Percentage shall be calculated without regard to sub-clauses (B) and (C) of clause (ii) of the definition of Company Allocation Percentage and (B) shall be deemed to be 100% with respect to the issuance of shares of WPCS Common Stock or Company Common Stock, as the case may be, in an aggregate amount equal to the Affiliate Warrant Proceeds included in the Company Closing Financing.
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- “**Company Warrant Shares**” shall mean the total number of shares of Company Capital Stock issuable in connection with all Company Warrants outstanding as of immediately prior to the Effective Time.
  - “**Palladium Allocation Percentage**” shall equal 0.025 (or 2.5% expressed as a percentage).
  - “**Post-Closing WPCS Shares**” shall mean the quotient determined by dividing (i) the WPCS Outstanding Shares by (ii) the WPCS Allocation Percentage.
  - “**WPCS Allocation Percentage**” shall mean 0.1601 (or 16.01% expressed as a percentage); provided, however, to the extent that the Net Cash determined pursuant to Section 1.6(i) is more or less than Four Hundred Nineteen Thousand dollars (\$419,000), then 0.1601 (or 16.01% expressed as a percentage) shall be adjusted (*i.e.*, increased if more; decreased if less) in accordance with the WPCS Allocation Percentage Adjustment Formula set forth on Exhibit D hereto.
  - “**WPCS Outstanding Shares**” shall mean, subject to Section 1.5(e), (i) 6,530,681 plus (ii) a number of shares equal to the WPCS Allocation Percentage of the total number of shares of WPCS Common Stock, if any, and Company Capital Stock, if any, issued in connection with any Additional Financing; *provided, however*, that the WPCS Allocation Percentage shall be deemed to be 0% with respect to the issuance of shares of WPCS Common Stock or Company Common Stock, as the case may be, in an aggregate amount equal to the Affiliate Warrant Proceeds included in the Company Closing Financing.
5. Amendment to Exhibit D, Exhibit D of the Merger Agreement is hereby amended and restated in its entirety as set forth on Appendix A hereto.
6. Reference to and Effect in the Merger Agreement

(a) Upon the effectiveness of this Amendment, each reference in the Merger Agreement to “this Agreement,” “hereunder,” “hereof” or words of like import referring to the Merger Agreement shall mean and be a reference to the Merger Agreement as amended hereby.

(b) Except as specifically amended herein, the Merger Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed, and the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any party under the Merger Agreement.

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7. Counterparts. This Amendment may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by electronic communication, facsimile or otherwise).

8. Governing Law. This Amendment shall be deemed to be made in and in all respects shall be interpreted, construed and governed by and in accordance with the law of the State of Delaware without regard to the conflicts of law principles thereof.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to Agreement and Plan of Merger to be executed as of the date first above written.

WPCS INTERNATIONAL INCORPORATED

By: /s/ Sebastian Giordano  
Name: Sebastian Giordano  
Title: Chief Executive Officer

DC ACQUISITION CORPORATION

By: /s/ Sebastian Giordano  
Name: Sebastian Giordano  
Title: Chief Executive Officer

DROPCAR, INC.

By: /s/ Spencer Richardson  
Name: Spencer Richardson  
Title: Chief Executive Officer

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EXHIBIT D

|  |             |         |
|--|-------------|---------|
| WPCS assumed outstanding shares  | 6,530,681   |         |
| WPC allocation percentage  | 0.1601      |         |
| <b>Ratio of Shares Issued to DropCar to Assumed WPCS Shares (pre-adjustment)</b> | <b>5.25</b> |         |
| DropCar shares   | 34,260,579  |         |
| Pre-adjustment pro forma cap tab   |             |         |
| WPCS   | 6,530,681   | 16.01%  |
| DropCar  | 34,260,579  | 83.99%  |
| Total  | 40,791,260  | 100.00% |
| WPCS 10-day avg share price  | 1.29        |         |
| <b>WPCS net cash</b>   | \$ 419,000  |         |
| WPCS net cash requirement  | \$ 419,000  |         |
| Over/short   | \$ 0        |         |
| Value in WPCS shares   | 0.00        |         |
| <b>Ratio of Shares Issued to DropCar to Assumed WPCS Shares (pre-adjustment)</b> | <b>5.25</b> |         |
| Increase (Decrease) in DropCar Shares  | 0.00        |         |
| Post-adjustment pro forma cap tab  |             |         |
| WPCS   | 6,530,681   | 16.01%  |
| DropCar  | 34,260,579  | 83.99%  |
| Total  | 40,791,260  | 100%    |

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**Exhibit B-3**

**AMENDED AND RESTATED SUPPORT AGREEMENT**

This **AMENDED AND RESTATED SUPPORT AGREEMENT** (this "**Agreement**"), dated as of December 4, 2017, is by and between DropCar, Inc., a Delaware corporation (the "**Company**"), WPCS International Incorporated, a Delaware corporation ("**WPCS**"), and the Person set forth on **Schedule A** (the "**Stockholder**").

**WHEREAS**, as of the date hereof, the Stockholder is the holder of the number of shares of common stock, par value \$0.0001 per share ("**Common Stock**"), and preferred stock, par value \$0.0001 per share ("**Preferred Stock**"), of WPCS, options to purchase shares of Common Stock ("**Options**") and/or warrants to purchase shares of Common Stock ("**Warrants**"), in each case, set forth opposite the Stockholder's name on **Schedule A** (all such shares of Common Stock and Preferred Stock set forth on **Schedule A**, together with any shares of Common Stock or Preferred Stock or securities convertible into, exchangeable for or that represent the right to receive Common Stock or Preferred Stock that are hereafter issued to or otherwise acquired or owned by the Stockholder prior to the termination of this Agreement being referred to herein as the "**Subject Shares**");

**WHEREAS**, WPCS, DC Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of WPCS ("**Merger Sub**"), and the Company have entered into an Agreement and Plan of Merger and Reorganization, dated as September 6, 2017, as amended (collectively, the "**Merger Agreement**"), which provides, among other things, for the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation (the "**Merger**"), upon the terms and subject to the conditions set forth in the Merger Agreement (capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Merger Agreement); and

**WHEREAS**, as a condition to its willingness to enter into the Merger Agreement and to consummate the transactions contemplated therein, the Company has required that the Stockholder, and as an inducement and in consideration therefor, the Stockholder (in the Stockholder's capacity as a holder of Subject Shares) has agreed to, enter into this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

**ARTICLE I  
VOTING AGREEMENT; GRANT OF PROXY**

The Stockholder hereby covenants and agrees that:

**1.1. Voting of Subject Shares.**

- 1.1.1. The Stockholder agrees that at every meeting of the holders of capital stock of WPCS (the "**WPCS Stockholders**"), however called, and at every adjournment or postponement thereof (or pursuant to a written consent if the WPCS Stockholders act by written consent in lieu of a meeting), the Stockholder shall, or shall cause the holder of record on the record date for the special meeting contemplated by the Merger Agreement (the "**Special Meeting**") to, be present (in person or by proxy) and to vote the Stockholder's Subject Shares (a) in favor of (i) the approval of the Merger Agreement, (ii) the approval of the Contemplated Transactions, including the issuance of Common Stock pursuant to the Merger Agreement, (iii) if deemed necessary, the adoption of an amendment to WPCS's certificate of incorporation to effect the WPCS Reverse Stock Split, (iv) the adoption of an amendment to WPCS's certificate of incorporation to change the name of WPCS, (v) any proposal to adjourn or postpone the meeting to a later date, if there are not sufficient votes for the approval of the Merger Agreement and the Contemplated Transactions, including the issuance of Common Stock pursuant to the Merger Agreement on the date on which such meeting is held, and (vi) any other proposal included in the Proxy Statement in connection with, or related to, the consummation of the Merger for which the WPCS Board has recommended that the WPCS Stockholders vote in favor; and (b) against any competing Acquisition Proposal with respect to WPCS.

1.1.2. The Stockholder hereby agrees to own or have the right to vote 9.99% of the outstanding Common Stock as of the record date for the Special Meeting.

1.2. **No Inconsistent Arrangements.** Except as expressly permitted or required hereunder or under the Merger Agreement, the Stockholder agrees not to, directly or indirectly, (a) create any Encumbrance other than restrictions imposed by applicable Law or pursuant to this Agreement on any Subject Shares, (b) transfer, sell, assign, gift or otherwise dispose of (collectively, "Transfer"), or enter into any contract with respect to any Transfer of the Subject Shares or any interest therein, (c) grant or permit the grant of any proxy, power of attorney or other authorization in or with respect to the Subject Shares, (d) deposit or permit the deposit of the Subject Shares into a voting trust or enter into a voting agreement or arrangement with respect to the Subject Shares or (e) take any action that would make any representation or warranty of the Stockholder herein untrue or incorrect in any material respect, or have the effect of preventing the Stockholder from performing the Stockholder's obligations hereunder. Notwithstanding the foregoing, (w) the Stockholder may make Transfers of the Subject Shares (i) by will, operation of law, or for estate planning or charitable purposes, (ii) to stockholders, corporations, partnerships or other business entities that are direct or indirect affiliates (within the meaning set forth in Rule 405 under the Securities Act), current or former partners (general or limited), members or managers of the Stockholder, as applicable, or to the estates of any such stockholders, affiliates, general or limited partners, members or managers, or to another corporation, partnership, limited liability company or other investment or business entity that controls, is controlled by or is under common control with the Stockholder or (iii) if the Stockholder is a trust, to any beneficiary of the Stockholder or the estate of any such beneficiary; provided that in each such case, the Subject Shares shall continue to be bound by this Agreement and provided that each transferee agrees in writing to be bound by the terms and conditions of this Agreement and either the Stockholder or the transferee provides the Company with a copy of such agreement promptly upon consummation of any such Transfer, (x) with respect to the Stockholder's WPCS Options which expire on or prior to the termination of this Agreement, the Stockholder may make Transfers of the Subject Shares (i) to WPCS as payment for the exercise price of the Stockholder's WPCS Options and (ii) as payment for taxes applicable to the exercise of the Stockholder's WPCS Options, (y) the Stockholder may take all actions reasonably necessary to consummate the transactions contemplated by the Merger Agreement and (z) the Stockholder may make Transfers of the Subject Shares at any time so long as the Stockholder at all times owns or has the right to vote 9.99% of the outstanding Common Stock as of the record date for the Special Meeting.

1.3. **Documentation and Information.** The Stockholder shall permit and hereby authorizes the Company and WPCS to publish and disclose in all documents and schedules filed with the SEC, and any press release or other disclosure document that the Company or WPCS reasonably determines to be necessary in connection with the Merger and any transactions contemplated by the Merger Agreement, a copy of this Agreement, the Stockholder's identity and ownership of the Subject Shares and the nature of the Stockholder's commitments and obligations under this Agreement.

1.4. **Irrevocable Proxy.** The Stockholder hereby revokes (or agrees to cause to be revoked) any proxies that the Stockholder has heretofore granted with respect to the Subject Shares. The Stockholder hereby irrevocably appoints the Company, and any individual designated in writing by it, as attorney-in-fact and proxy for and on behalf of the Stockholder, for and in the name, place and stead of the Stockholder, to: (a) attend any and all meetings of the WPCS Stockholders, (b) vote, express consent or dissent or issue instructions to the record holder to vote the Stockholder's Subject Shares in accordance with the provisions of Section 1.1 at any and all meetings of the WPCS Stockholders or in connection with any action sought to be taken by written consent of the WPCS Stockholders without a meeting and (c) grant or withhold, or issue instructions to the record holder to grant or withhold, consistent with the provisions of Section 1.1, all written consents with respect to the Subject Shares at any and all meetings of the WPCS Stockholders or in connection with any action sought to be taken by written consent without a meeting. The Company agrees not to exercise the proxy granted herein for any purpose other than the purposes expressly described in this Agreement. The foregoing proxy shall be deemed to be a proxy coupled with an interest, is irrevocable (and as such shall survive and not be affected by the death, incapacity, mental illness or insanity of the Stockholder, as applicable) until the earlier of (i) nine months from the date of the Merger Agreement or (ii) termination of the Merger Agreement and shall not be terminated by operation of law or upon the occurrence of any other event other than the termination of this Agreement pursuant to Section 4.2. The Stockholder authorizes such attorney and proxy to substitute any other Person to act hereunder, to revoke any substitution and to file this proxy and any substitution or revocation with the Secretary of WPCS. The Stockholder hereby affirms that the proxy set forth in this Section 1.4 is given in connection with and granted in consideration of and as an inducement to the Company to enter into the Merger Agreement and that such proxy is given to secure the obligations of the Stockholder under Section 1.1. The proxy set forth in this Section 1.4 is executed and intended to be irrevocable, subject, however, to its automatic termination upon the termination of this Agreement pursuant to Section 4.2.

1.5. **No Solicitation of Transactions.** Without limiting and subject to the provisions of Section 4.14 hereof, the Stockholder shall not, directly or indirectly, knowingly take any action that WPCS is prohibited from taking pursuant to Section 4.4 of the Merger Agreement.

## ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDER

The Stockholder represents and warrants to the Company as of the date hereof that:

2.1. **Authorization; Binding Agreement.** The Stockholder has full legal capacity, right and authority to execute and deliver this Agreement and to perform the Stockholder's obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Stockholder, and constitutes a valid and binding obligation of the Stockholder enforceable against the Stockholder in accordance with its terms, subject to the Enforceability Exceptions.

2.2. **Ownership of Subject Shares; Total Shares.** The Stockholder is the record or beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of the Stockholder's Subject Shares and has good and marketable title to the Subject Shares free and clear of any Encumbrance (including any restriction on the right to vote or otherwise transfer the Subject Shares), except as (a) provided hereunder, (b) pursuant to any applicable restrictions on transfer under the Securities Act, (c) subject to any risk of forfeiture with respect to any shares of Common Stock granted to the Stockholder under an agreement with or employee benefit plan of WPCS, (d) with respect to Options, provided pursuant to the terms of the Option and any stock option plan under which such Option was granted, (e) with respect to Warrants, provided pursuant to the terms of the Warrant and (f) as may be provided in the bylaws of WPCS. The Subject Shares constitute all of the shares of Common Stock, Preferred Stock, Options and/or Warrants owned by the Stockholder as of the date hereof. Except pursuant to this Agreement, no Person has any contractual or other right or obligation to purchase or otherwise acquire any of the Stockholder's Subject Shares.

2.3. **Voting Power.** Except as may be set forth on Schedule A, the Stockholder has full voting power, with respect to the Stockholder's Subject Shares, and full power of disposition, full power to issue instructions with respect to the matters set forth herein and full power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Stockholder's Subject Shares. None of the Stockholder's Subject Shares are subject to any proxy, voting trust or other agreement or arrangement with respect to the voting of the Subject Shares, except as provided hereunder.

2.4. **Reliance.** The Stockholder has had the opportunity to review the Merger Agreement and this Agreement with counsel of the Stockholder's own choosing. The Stockholder understands and acknowledges that the Company is entering into the Merger Agreement in reliance upon the Stockholder's execution, delivery and performance of this Agreement.

2.5. **Absence of Litigation.** With respect to the Stockholder, as of the date hereof, there is no action, suit, investigation or proceeding pending against, or, to the knowledge of the Stockholder, threatened against, the Stockholder or any of the Stockholder's properties or assets (including the Subject Shares) that could reasonably be expected to prevent, delay or impair the ability of the Stockholder to perform its obligations hereunder or to consummate the transactions contemplated hereby.

### ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Stockholder that:

3.1. **Organization; Authorization.** The Company is a corporation duly incorporated under the Laws of the State of Delaware. The consummation of the transactions contemplated hereby are within the Company's corporate powers and have been duly authorized by all necessary corporate actions on the part of the Company. The Company has full power and authority to execute, deliver and perform this Agreement.

3.2. **Binding Agreement.** This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions.

### ARTICLE IV MISCELLANEOUS

4.1. **Notices.** All notices, requests and other communications to either party hereunder shall be in writing (including facsimile transmission) and shall be given, (a) if to the Company, in accordance with the provisions of the Merger Agreement and (b) if to the Stockholder, to the Stockholder's address set forth on a signature page hereto, or to such other address as the Stockholder may hereafter specify in writing to the Company for such purpose.

4.2. **Termination.** This Agreement shall terminate automatically and become void and of no further force or effect, without any notice or other action by any Person, upon the earlier of (a) the termination of the Merger Agreement in accordance with its terms, (b) the Effective Time and (c) the date that is nine months from the date of the Merger Agreement. Upon termination of this Agreement, neither party shall have any further obligations or liabilities under this Agreement; provided, however, that (i) nothing set forth in this Section 4.2 shall relieve either party from liability for any breach of this Agreement prior to termination hereof and (ii) the provisions of this Article IV shall survive any termination of this Agreement.

4.3. **Amendments and Waivers.** Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement. No failure or delay by either 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.

4.4. **Binding Effect; Benefit; Assignment.** The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as set forth in Section 1.3, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person other than the parties hereto and their respective successors and assigns. Neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto.

4.5. **Governing Law; Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to its rules of conflict of laws. The Company and the Stockholder hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery, or if such court does not have proper jurisdiction, then the Federal court of the U.S. located in the State of Delaware, and appellate courts therefrom, (collectively, the “Delaware Courts”) for any litigation arising out of or relating to this Agreement and the transactions contemplated hereby (and agrees not to commence any litigation relating thereto except in such courts), waives any objection to the laying of venue of any such litigation in the Delaware Courts and agrees not to plead or claim in any Delaware Court that such litigation brought therein has been brought in any inconvenient forum. Each of the parties hereto agrees that service of process may be made on such party by prepaid certified mail with a proof of mailing receipt validated by the United States Postal Service constituting evidence of valid service. Service made pursuant to the foregoing shall have the same legal force and effect as if served upon such party personally within the State of Delaware. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

4.6. **Counterparts.** The parties may execute this Agreement in one or more counterparts, each of which will be deemed an original and all of which, when taken together, will be deemed to constitute one and the same agreement. Any signature page hereto delivered by facsimile machine or by e-mail (including in portable document format (pdf), as a joint photographic experts group (jpg) file, electronic signature, or otherwise) shall be binding to the same extent as an original signature page, with regard to any agreement subject to the terms hereof or any amendment thereto and may be used in lieu of the original signatures for all purposes. Each party that delivers such a signature page agrees to later deliver an original counterpart to any other party that requests it.

4.7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to its subject matter.

4.8. **Severability.** If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Body to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

4.9. **Specific Performance.** The parties hereto agree that the Company would be irreparably damaged if for any reason the Stockholder fails to perform any of its obligations under this Agreement and that the Company may not have an adequate remedy at law for money damages in such event. Accordingly, the Company shall be entitled to specific performance and injunctive and other equitable relief to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any Delaware Court, in addition to any other remedy to which they are entitled at law or in equity, in each case without posting bond or other security, and without the necessity of proving actual damages.



4.10. **Headings.** The Section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

4.11. **No Presumption.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

4.12. **Further Assurances.** Each of the parties hereto will execute and deliver, or cause to be executed and delivered, all further documents and instruments and use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary under applicable Law to perform their respective obligations as expressly set forth under this Agreement.

4.13. **Interpretation.** Unless the context otherwise requires, as used in this Agreement: (a) “or” is not exclusive; (b) “including” and its variants mean “including, without limitation” and its variants; (c) words defined in the singular have the parallel meaning in the plural and vice versa; (d) words of one gender shall be construed to apply to each gender; and (e) the terms “Article,” “Section” and “Schedule” refer to the specified Article, Section or Schedule of or to this Agreement.

4.14. **Capacity as Stockholder.** The Stockholder signs this Agreement solely in the Stockholder’s capacity as a WPCS stockholder, and not in the Stockholder’s capacity as a director, officer or employee of WPCS or in the Stockholder’s capacity as a trustee or fiduciary of any employee benefit plan or trust. Notwithstanding anything herein to the contrary, nothing herein shall in any way restrict a director or officer of WPCS in the exercise of his or her fiduciary duties as a director or officer of WPCS or in his or her capacity as a trustee or fiduciary of any employee benefit plan or trust, or prevent any director or officer of WPCS or any trustee or fiduciary of any employee benefit plan or trust from taking any action in his or her capacity as such director, officer, trustee or fiduciary.

4.15. **Conversion or Exercise.** Nothing contained in this Agreement shall require the Stockholder (or shall entitle any proxy of the Stockholder) to (a) convert, exercise or exchange any option, warrants or convertible securities in order to obtain any underlying Subject Shares or (b) vote, or execute any consent with respect to, any Subject Shares underlying such options, warrants or convertible securities that have not yet been issued as of the record date for the Special Meeting for that vote or consent.

4.16. **Representations and Warranties.** The representations and warranties contained in this Agreement and in any certificate or other writing delivered pursuant hereto shall not survive the Closing or the termination of this Agreement.

4.17. **No Agreement Until Executed.** Irrespective of negotiations among the parties or the exchanging of drafts of this Agreement, this Agreement shall not constitute or be deemed to evidence a contract, agreement, arrangement or understanding between the parties hereto unless and until (a) the WPCS Board has approved, for purposes of any applicable anti-takeover laws and regulations, and any applicable provision of WPCS’s organizational documents, the possible acquisition of the Company by WPCS pursuant to the Merger Agreement and (b) the Merger Agreement is executed by all parties thereto.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

**DROPCAR, INC.**

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to WPCS Stockholder Support Agreement]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

**WPCS INTERNATIONAL INCORPORATED**

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to WPCS Stockholder Support Agreement]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

Alpha Capital Anstalt

By: \_\_\_\_\_  
Alpha Capital Anstalt

*[Signature Page to WPCS Stockholder Support Agreement]*

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**Schedule A**

| <u>Stockholder Name</u> | <u>No. Shares of<br/>Common Stock</u> | <u>No. Shares of<br/>Preferred Stock</u> | <u>No. Shares<br/>Underlying Options<br/>to Purchase<br/>Common Stock</u> | <u>No. Shares<br/>Underlying<br/>Warrants to<br/>Purchase Common<br/>Stock</u> |
|-------------------------|---------------------------------------|--|---|--|
| Alpha Capital Anstalt   | 0                                     | 430,000                                  | 0   | 644,963  |

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## WPCS International Incorporated

**LETTER AGREEMENT**

December 4, 2017

Dear Warrant Holders,

The Warrant ledger of WPCS International Incorporated (“**WPCS**”) indicates that you own the Warrant to purchase Common Stock identified on Schedule A hereto (the “**Warrants**”). The Warrants were issued pursuant to Section 2 of that certain Securities Purchase Agreement dated as of July 15, 2015. Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement and the Warrants. WPCS desires that you exercise your Warrants in order to generate cash funds for WPCS. To accomplish that WPCS is willing to reduce the Exercise Price of the Warrants and issue an additional warrant to the Warrant Holders to purchase Common Stock on terms nearly identical to the terms of the Warrants, as an inducement to you to presently exercise the Warrants.

WPCS hereby temporarily allows the Warrants to be exercised for an Exercise Price equal to the lower of \$1.66 or the last consolidated bid closing price as reported on the NASDAQ Stock Market for the Common Stock preceding the date WPCS has received a countersigned copy of this Letter Agreement from all of the holders of Warrants identified on Schedule A hereto (the “**Effective Date**”). This Letter Agreement shall be null and void and of no force and effect unless WPCS has received by the Business Day following the date of this Letter Agreement a countersigned copy of this Letter Agreement from all the Warrant Holders identified on Schedule A.

The reduction of the Exercise Price shall be effective only from the Effective Date through 5:00 P.M. Eastern Standard Time on December 26, 2017, fifteen (15) Trading Days thereafter (“**End Date**”). During that time the Warrants will be able to be exercised to buy some or all of the Warrant Shares on the preferential terms described in this Letter Agreement on a cash only basis as described in Section 1(a) of your Warrant.

In addition to the potential reduction of the Exercise Price, if at least one-half of the Warrants listed on Schedule A on the Effective Date (“**Threshold Amount**”) are exercised by the End Date, the Warrant Holders of the Warrants identified on Schedule A (regardless if the Warrants are assigned or transferred by you after the Effective Date and exercised by such assignee or transferee) will receive a warrant to purchase Common Stock substantially identical to the Warrant, representing the right to acquire one share of Common Stock for each Warrant Share acquired upon cash exercise of the Warrants after the Effective Date and through the End Date (“**Reload Warrant**”). The Reload Warrant will be identical to the Warrants and grant the Warrant Holders the same rights, benefits and obligations as the Warrants except (i) for Reload Warrants issuable upon exercise of the Threshold Amount, the Exercise Price will be equal to the last consolidated bid closing price as reported on the NASDAQ Stock Market for the Common Stock prior to the date of such exercise of the Threshold Amount, (ii) once the Threshold Amount has been exercised, the Exercise Price of the Reload Warrant issuable in connection with any additional exercise of the Warrants will be equal to the last consolidated bid closing price as reported on the NASDAQ Stock Market for the Common Stock prior to the exercise date of the Warrants giving rise to the issuance of such Reload Warrant, (iii) the Expiration Date shall be seven (7) years after the Exercise Date of the Warrant which required the issuance of the Reload Warrant, and (iv) the Reload Warrant may be exercised at all times on a cash basis and also on a cashless basis as described in Section 2(d) of the Reload Warrant commencing six (6) months after the Date of Issuance of the Reload Warrant and only in the event a Registration Statement for the public resale of the Warrant Shares issuable upon exercise thereof is not effective (unless the Warrant holder has waived its right to have the resale of the Warrant Shares registered.). A form of Reload Warrant is annexed hereto as Exhibit 1.

The Warrant Holder represents to WPCS that the Warrant Holder has entered into an irrevocable agreement with Alpha Capital Anstalt to sell to Alpha Capital Anstalt all the Warrants that are unexercised as of the End Date. Such sale will take place promptly after the End Date or sooner as agreed to between Alpha and the Warrant Holder.

Additionally, in lieu of registration rights granted pursuant to the Securities Purchase Agreement and the Registration Rights Agreement referred to therein, until the Expiration Date of the Reload Warrants and at a time when 1933 Act, Rule 144b(1)(i) is unavailable for the resale of the Warrant Shares, if WPCS determines to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (but excluding Forms S-4 or S-8 and similar forms which do not permit such registration), then WPCS shall send to each holder of any of the Reload Warrants or Warrant Shares issued upon exercise of the Reload Warrants (collectively, the "**Securities**") written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such holder shall so request in writing, WPCS shall include in such registration statement all or any part of the Warrant Shares issuable upon exercise of the Reload Warrants, that such holder requests to be registered. Inclusion of such Warrant Shares issuable upon exercise of the Reload Warrants will be subject to customary underwriter cutbacks applicable to all holders of registration rights and minimum cutbacks in accordance with guidance provided by the SEC (including, but not limited to Rule 415). The obligations of WPCS under this paragraph may be waived by any holder of any of the Securities entitled to registration rights under this paragraph, in which case the Warrants holder shall also be deemed to have waived its right to exercise the Reload Warrant on a cashless basis with respect to the Warrant Shares for which registration was waived. The holders whose Warrant Shares are included or required to be included in such registration statement are granted the same rights, benefits, liquidated or other damages and indemnification granted to other holders of securities included in such registration statement. In no event shall the liability of any holder of Securities or permitted successor be greater in amount than the dollar amount of the net proceeds actually received by such holder upon the sale of the Warrant Shares pursuant to such registration or such lesser amount in proportion to all other holders of securities included in such registration statement. All expenses incurred by WPCS in complying with this paragraph, including, without limitation, all registration and filing fees, printing expenses (if required), fees and disbursements of counsel and independent public accountants for WPCS, fees and expenses (including reasonable counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the FINRA, transfer taxes, and fees of transfer agents and registrars, are called "**Registration Expenses**." All underwriting discounts and selling commissions applicable to the sale of the Securities are called "**Selling Expenses**." WPCS will pay all Registration Expenses in connection with such registration statement. Selling Expenses in connection with such registration statement shall be borne by the holders of the Securities and will be apportioned among all such holders in proportion to the number of Warrant Shares included in a registration statement for a holder relative to all the securities included therein for all selling holders, or as all holders may otherwise agree. It shall be a condition precedent to the obligations of WPCS to complete the registration pursuant to this paragraph with respect to the Warrant Shares of a particular holder that such holder shall furnish to WPCS in writing such information and representation letters, including a completed form of a securityholder questionnaire, with respect to itself and the proposed distribution by it as WPCS may reasonably request to assure compliance with federal and applicable state securities laws.

The Reload Warrant will be delivered within the same period after exercise of a Warrant as the Warrant Shares are deliverable upon exercise of the Warrant. The Reload Warrant will be deemed issued pursuant to the Securities Purchase Agreement, including with respect to the representations, warranties and undertakings therein contained, *mutatis mutandis*, which representations and warranties are accurate as of the dates made.

The Warrant Shares issuable upon exercise of the Warrants are presently registered for resale pursuant to an effective Registration Statement as described in the Registration Rights Agreement referred to in the Securities Purchase Agreement. WPCS will file a Form 8-K with the Securities and Exchange Commission disclosing the effectuation of the reduction of the Exercise Price and the other terms of this Letter Agreement within one (1) Business Day after the Effective Date and file a “sticker” amendment to such effective Registration Statement which must be effective for the public resale of the Warrant Shares immediately upon filing.

*[Signature Page to Follow]*



If this proposal is acceptable to you, please indicate your consent below and return this Letter Agreement to WPCS electronically.

Very truly yours,

WPCS INTERNATIONAL INCORPORATED

By: \_\_\_\_\_

Consented and Agreed by Warrant Holder:

\_\_\_\_\_  
By:

Dated: December , 2017

**SCHEDULE A**

| <b>HOLDER</b>                     | <b>WARRANT NO.</b> | <b>NUMBER OF WARRANT<br/>SHARES ISSUABLE<br/>UPON CASH EXERCISE<br/>OF WARRANT</b> |
|-----------------------------------|--------------------|--|
| IROQUOIS MASTER FUND LTD.         | 2015-1             | 1,055,481  |
| IROQUOIS CAPITAL INVESTMENT GROUP | 2015-2             | 81,190   |
| AMERICAN CAPITAL MANAGEMENT, LLC  | 2015-3             | 81,190   |

Exhibit 1

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

WPCS INTERNATIONAL INCORPORATED

Warrant To Purchase Common Stock

Warrant No.: \_\_\_\_\_  
Number of Shares of Common Stock: \_\_\_\_\_  
Date of Issuance: \_\_\_\_\_, 2017 ("**Issuance Date**")

WPCS International Incorporated, a Delaware corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, \_\_\_\_\_, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), \_\_\_\_\_ (\_\_\_\_\_) fully paid nonassessable shares of Common Stock, subject to adjustment as provided herein (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**") shall have the meanings set forth in Section 17. This Warrant is one of the Warrants to purchase Common Stock (the "**SPA Warrants**") deemed issued pursuant to Section 2 and subject to that certain Securities Purchase Agreement, dated as of July 14, 2015 (the "**Subscription Date**"), by and among the Company and the investors (the "**Buyers**") referred to therein (the "**Securities Purchase Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of this Warrant and a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or (B) if the provisions of Section 1(d) are applicable, by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(d)). Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first (1<sup>st</sup>) Trading Day following the date on which the Company has received the

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Exercise Notice and this Warrant, the Company shall transmit by facsimile an acknowledgment of confirmation of receipt of the Exercise Notice and this Warrant to the Holder. On or before the third (3rd) Trading Day following the date on which the Company has received the Exercise Notice and this Warrant, so long as the Holder delivers the Aggregate Exercise Price (or notice of a Cashless Exercise) on or prior to the second (2nd) Trading Day following the date on which the Company has received the Exercise Notice and this Warrant (the "**Share Delivery Date**") (provided that if the Aggregate Exercise Price (or notice of a Cashless Exercise) has not been delivered by such date, the Share Delivery Date shall be extended one (1) Trading Day after the Aggregate Exercise Price (or notice of a Cashless Exercise) is delivered), the Company shall (X) provided that the Company's transfer agent ("**Transfer Agent**") is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and the Warrant Shares are eligible to be issued without a restrictive legend, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Warrant Shares are not eligible to be issued without a restrictive legend, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any. Upon delivery of this Warrant, the Exercise Notice and the Aggregate Exercise Price (or notice of a Cashless Exercise) (such date of delivery being the "**Exercise Date**"), the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to any applicable withholding or the issuance or delivery of the Warrant Shares to any Person other than the Holder, and no such issuance or delivery shall be made unless and until such Person other than the Holder requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid. The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means \$\_\_\_\_\_, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If (I) the Company shall fail for any reason or for no reason on or prior to the Share Delivery Date either (a) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program and the Warrant Shares are eligible to be issued without a restrictive legend, to issue to the Holder a certificate without any restrictive legend for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or (b) if the Transfer Agent is participating in the DTC

Fast Automated Securities Transfer Program and the Warrant Shares are eligible to be issued without a restrictive legend, to credit the Holder's balance account with DTC, for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant the Warrant Shares are not eligible to be issued without a restrictive legend to issue and dispatch by overnight courier to the address as specified in the Exercise Notice for delivery on or before the Share Delivery Date a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise, or (II) after the Initial Effective Date (as defined in the Registration Statement) and during the Registration Period (as defined in the Registration Rights Agreement), (x) the Registration Statement (as defined in the Registration Rights Agreement) covering the resale of all of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares, (y) the Company fails to promptly, but in no event later than as required pursuant to the Registration Rights Agreement so notify the Holder and (z) the Company fails to, on or prior to the Share Delivery Date, deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**") and either a Notice Failure or an event described in clause (I) above (referred to herein as an "**Exercise Failure**") occurs, then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the Share Delivery Date and during such Notice Failure or Exercise Failure an amount equal to 1.0% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled, and (B) any trading price of the Common Stock selected by the Holder in writing as in effect at any time during the period beginning on the applicable Exercise Date and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. If the Company is required to pay liquidated damages hereunder solely as a result of a Notice Failure, the liquidated damages related thereto will cease to accrue upon delivery of a written notice to the Holder specifying the correct status of the applicable Registration Statement. For the avoidance of doubt, the Company acknowledges that the Company may be liable for Registration Delay Payments pursuant to the Registration Rights Agreement in the event of an Exercise Failure or Notice Failure. In addition to the foregoing, if an Exercise Failure or Notice Failure occurs, and if on or after the Share Delivery Date the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale through a broker by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, within three (3) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such shares of Common Stock) or credit such Holder's balance account with DTC for such shares of Common Stock shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such shares of Common Stock or credit such Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) any trading price of the Common Stock selected by the Holder in writing as in effect at any time during the period beginning on the applicable Exercise Date and ending on the applicable Share Delivery Date. Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock (or to electronically deliver such shares of Common Stock) upon the exercise of this Warrant as required pursuant to the terms hereof.

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary (other than Section 1(f) below), in addition to cash exercises of this Warrant as described in Section 1(a) commencing six (6) months after the Issuance Date and while the Registration Statement covering the resale of the Warrant Shares is not available for the public resale of the Warrant Shares, the Holder may, in its sole discretion (and without limiting the Holder's rights and remedies contained herein), exercise this Warrant with respect to the Warrant Shares for which such Registration Statement is unavailable, in whole or in part and, subject to the provisions of Section 1(a), in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive the number of Warrant Shares as is computed using the following formula:

$$X = Y(A - B) \div A$$

Where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the total number of Warrant Shares for which the Holder has elected to exercise this Warrant pursuant to Section 1(a).

A = the Closing Bid Price of the Company's Common Stock as of the applicable Exercise Date.

B = the Exercise Price in effect under this Warrant as of the applicable Exercise Date.

For purposes of Rule 144(d) promulgated under the 1933 Act, as in effect on the date hereof, it is intended that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Securities Purchase Agreement.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 12.

(f) Limitations on Exercises. Notwithstanding anything to the contrary contained herein, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the number of shares of Common Stock outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by the Holder and the other Attribution Parties shall include the number of shares of Common Stock held by the Holder and all other Attribution Parties plus the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants, including the other SPA Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of this Section 1(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities

Exchange Act of 1934, as amended (the "1934 Act"). For purposes of this Warrant, in determining the number of outstanding shares of Common Stock the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Company's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission (the "SEC"), as the case may be, (y) a more recent public announcement by the Company or (3) any other written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding (the "Reported Outstanding Share Number"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding shares of Common Stock is less than the Reported Outstanding Share Number, the Company shall (i) notify the Holder in writing of the number of shares of Common Stock then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be purchased pursuant to such Exercise Notice (the number of shares by which such purchase is reduced, the "Reduction Shares") and (ii) as soon as reasonably practicable, the Company shall return to the Holder any exercise price paid by the Holder for the Reduction Shares. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of shares of Common Stock to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding shares of Common Stock (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "Excess Shares") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the exercise price paid by the Holder for the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase (with such increase not effective until the sixty-first (61<sup>st</sup>) day after delivery of such notice) or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61<sup>st</sup>) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of SPA Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the shares of Common Stock issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

(g) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of shares of Common Stock equal to the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all of this Warrant then outstanding (the "**Required Reserve Amount**") and the failure to have such sufficient number of authorized and unreserved shares of Common Stock, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its commercially reasonable efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding Common Stock to approve the increase in the number of authorized shares of Common Stock without soliciting its stockholders, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the SEC an Information Statement on Schedule 14C. In the event that upon any exercise of this Warrant, the Company does not have sufficient authorized shares to deliver in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Company to pay to the Holder within three (3) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the quotient determined by dividing (x) the number of Warrant Shares that the Company is unable to deliver pursuant to this Section 1(g), by (y) the total number of Warrant Shares issuable upon exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) and (ii) the Black Scholes Value; provided, that (x) references to "the day immediately following the public announcement of the applicable Fundamental Transaction" in the definition of "Black Scholes Value" shall instead refer to "the date the Holder exercises this Warrant and the Company cannot deliver the required number of Warrant Shares because of an Authorized Share Failure" and (y) clause (iii) of the definition of "Black Scholes Value" shall instead refer to "the underlying price per share used in such calculation shall be the highest Weighted Average Price during the period beginning on the date of the applicable date of exercise and the date that the Company makes the applicable cash payment."

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Intentionally Omitted.

(b) Adjustment Upon Subdivision or Combination of Shares of Common Stock. If the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Subscription Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, options, evidence of indebtedness or any other assets by way of a



dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled, and the Company shall reserve the Holder's pro rata share of the Distribution pending complete exercise of this Warrant, to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to such extent (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Distribution (and beneficial ownership) to such extent).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS; REGISTRATION RIGHTS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to all of the record holders of any class of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled, and the Company shall reserve the Holder's pro rata share of the Purchase Rights pending complete exercise of this Warrant, to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Purchase Right (and beneficial ownership) to such extent).

(b) Fundamental Transactions. In the event of any Fundamental Transaction, this Warrant shall, immediately after such Fundamental Transaction, remain outstanding and shall thereafter, be exercisable for the number of Warrant Shares then exercisable under this Warrant, subject to appropriate adjustment (in form and substance satisfactory to the Holder) in the Exercise Price to the value per share for the Common Stock reflected by the terms of such Fundamental Transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this Section 4(b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or similar transactions. The Company shall not effect any such Fundamental Transaction unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such Fundamental Transaction, shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder the number of Warrant Shares then exercisable under this Warrant, subject to adjustment, in accordance with the foregoing provisions. Notwithstanding anything to the contrary contained herein, with respect to any Fundamental Transaction, the Holder shall have the right to elect prior to the consummation of such

Fundamental Transaction, to give effect to the exercise rights contained in Section 1 instead of giving effect to the provisions contained in this Section 4(b) with respect to this Warrant.

(c) **Registration Rights.** In lieu of the registration rights granted pursuant to the Registration Rights Agreement, until the Expiration Date and at a time when Rule 144b(1)(i) of the 1933 Act is unavailable for the resale of the issued and issuable Warrant Shares, if the Company determines to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (but excluding Forms S-4 or S-8 and similar forms which do not permit such registration), then the Company shall send to the Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, the Holder shall so request in writing, the Company shall include in such registration statement all or any part of the Warrant Shares issuable upon exercise of this Warrant that the Holder requests to be registered. Inclusion of such issued and issuable Warrant Shares will be subject to customary underwriter cutbacks applicable to all holders of registration rights and minimum cutbacks in accordance with guidance provided by the SEC (including, but not limited to Rule 415). The obligations of the Company under Section 4(c) may be waived by any Holder entitled to registration rights under this Section 4(c) in which case the Warrant Holder shall also be deemed to have waived its right to exercise this Warrant on a cashless basis with respect to those Warrant Shares for which registration was waived. The Holder whose Warrant Shares are included or required to be included in such registration statement are granted the same rights, benefits, liquidated or other damages and indemnification granted to other holders of securities included in such registration statement. In no event shall the liability of any Holder or permitted successor be greater in amount than the dollar amount of the net proceeds actually received by such Holder upon the sale of the Warrant Shares pursuant to such registration or such lesser amount in proportion to all other holders of securities included in such registration statement. All expenses incurred by the Company in complying with Section 4(c), including, without limitation, all registration and filing fees, printing expenses (if required), fees and disbursements of counsel and independent public accountants for the Company, fees and expenses (including reasonable counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the FINRA, transfer taxes, and fees of transfer agents and registrars, are called "**Registration Expenses.**" All underwriting discounts and selling commissions applicable to the sale of the Warrant Shares are called "**Selling Expenses.**" The Company will pay all Registration Expenses in connection with such registration statement. Selling Expenses in connection with such registration statement shall be borne by the beneficial Holders of the Warrant Shares included in the registration statement and will be apportioned among all such Holders in proportion to the number of Warrant Shares included in a registration statement for a Holder relative to all the securities included therein for all selling holders, or as all selling holders may otherwise agree. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to Section 4(c) with respect to the Warrant Shares of a particular Holder that such Holder shall furnish to the Company in writing such information and representation letters, including a completed form of a securityholder questionnaire, with respect to itself and the proposed distribution by it as the Company may reasonably request to assure compliance with federal and applicable state securities laws.

5. **NONCIRCUMVENTION.** The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the proper exercise of this Warrant by the Holder, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its

authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the SPA Warrants, the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the SPA Warrants then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no SPA Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as

indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9.4 of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders, and with respect to any amendment, the amendment is in writing and signed by the Company, except that any Holder may waive the Company's performance hereunder or provide consent as the only such Holder.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section 9.4 of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and all the Buyers and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

13. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

14. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company.

15. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

16. **DISCLOSURE.** Upon receipt or delivery by the Company of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries (as defined in the Securities Purchase Agreement), the Company shall within four (4) Business Days after any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, nonpublic information relating to the Company or its Subsidiaries, the Company so shall indicate to such Holder contemporaneously with delivery of such notice, and in the absence of any such indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries.

17. **CERTAIN DEFINITIONS.** For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

(a) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company's Common Stock would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(b) "**Black Scholes Value**" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day immediately following the public announcement of the applicable Fundamental Transaction, or, if the Fundamental Transaction is not publicly announced, the date the Fundamental Transaction is consummated, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the day immediately following the public announcement of the applicable Fundamental Transaction, or, if the Fundamental Transaction is not publicly announced, the date the Fundamental Transaction is consummated, (iii) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in the Fundamental Transaction, (iv) a zero cost of borrow and (v) a 360 day annualization factor.

(c) "**Bloomberg**" means Bloomberg Financial Markets.

(d) "**Business Day**" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

(e) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the

Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

(f) "**Common Stock**" means (i) the Company's shares of Common Stock, par value \$0.0001 per share, and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(g) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(h) "**Eligible Market**" means the Principal Market, the NYSE MKT LLC, The NASDAQ Capital Market, The NASDAQ Global Market, The NASDAQ Global Select Market, or The New York Stock Exchange, Inc.

(i) "**Equity Conditions**" means: (i) the Company shall have complied in all material respects with all applicable securities laws and regulations and all rules and regulations of the Eligible Markets in respect of the offer, sale and issuance of the Securities, (ii) the Common Stock (including all shares of Common Stock to be received by Holder) shall be listed or designated for quotation (as applicable) on an Eligible Market and no Trading Market Event (or event which with notice or passage of time would be a Trading Market Event) has occurred, nor shall delisting or suspension by any Eligible Market be pending or threatened, unless upon the occurrence of such Trading Market Event, delisting or suspension, the Common Stock would be eligible for listing or for quotation (as applicable) on another Eligible Market, (iii) the Company shall be in compliance in all material respects with all of its obligations under this Warrant, (iv) each of the Registration Statement (as defined in the Securities Purchase Agreement) and the prospectus contained therein shall be effective and fully available for use with respect to the resale of all of the Registrable Securities (as defined in the Registration Rights Agreement), including, without limitation, any Warrant Shares issued pursuant to a cash exercise hereof, (v) all Warrant Shares (including any Warrant Shares to be received upon exercise or exchange of this Warrant and including any Warrant Shares to be issued in a cash exercise, but taking into account the limitations of Section 1(f)) shall be then (or upon such issuance (as the case may be)) freely tradable by the Holder without restriction of any kind or nature (and the Company shall have no knowledge of any fact which would reasonably be expected to negate the foregoing in the foreseeable future), (vi) no limitation shall be applicable with respect to the issuance of any Warrant Shares hereunder (other than under Section 1(f)), and (vii) the Company is fully reporting under the 1934 Act and Rule 144 (as defined in the Securities Purchase Agreement). For purposes hereof, a "**Trading Market Event**" shall mean if the Company or the Common Stock or any shares of Common Stock issued or issuable hereunder shall cease or fail to be listed for trading or quoted on any Eligible Market or shall fall below any dollar threshold for listing or qualification or the Company shall then not be in compliance with any applicable listing or qualification standard (or will be with the passage of time).

(j) **"Expiration Date"** means the date eighty-four (84) months after the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a **"Holiday"**), the next day that is not a Holiday.

(k) **"Fundamental Transaction"** means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its Common Stock, (B) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock not held by all such Subject Entities as of the date of this Warrant calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their shares of Common Stock without approval of the stockholders of the Company or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any



portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(l) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(m) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(n) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common shares or common stock or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Required Holders, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(o) "**Person**" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

(p) "**Principal Market**" means the Nasdaq Capital Market.

(q) "**Registration Rights Agreement**" means that certain Registration Rights Agreement dated as of the date of the Securities Purchase Agreement by and among the Company and the Buyers.

(r) "**Required Holders**" means the holders of the SPA Warrants representing at least a majority of the shares of Common Stock underlying the SPA Warrants then outstanding.

(s) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(t) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(u) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded; provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

(v) "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market

publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest Closing Bid Price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

**WPCS INTERNATIONAL INCORPORATED**

By: \_\_\_\_\_  
Name:  
Title:

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EXHIBIT A

**EXERCISE NOTICE  
TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS  
WARRANT TO PURCHASE COMMON STOCK**

**WPCS INTERNATIONAL INCORPORATED**

The undersigned holder hereby exercises the right to purchase \_\_\_\_\_ of the shares of Common Stock ("**Warrant Shares**") of WPCS International Incorporated, a Delaware corporation (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

\_\_\_\_\_ a "**Cash Exercise**" with respect to \_\_\_\_\_ Warrant Shares; and/or

\_\_\_\_\_ a "**Cashless Exercise**" with respect to \_\_\_\_\_ Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of \$ \_\_\_\_\_ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder \_\_\_\_\_ Warrant Shares in accordance with the terms of the Warrant.

\_\_\_\_\_ Electronic Delivery

DTC Participant: \_\_\_\_\_

DTC Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

\_\_\_\_\_ Physical Delivery

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Name of Registered Holder

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

**ACKNOWLEDGMENT**

The Company hereby acknowledges this Exercise Notice and hereby directs Interwest Transfer Company, Inc. to issue the above indicated number of shares of Common Stock in accordance with the Exercise Notice.

**WPCS INTERNATIONAL INCORPORATED**

By: \_\_\_\_\_  
Name:  
Title:

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