

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of May 12, 2014

BETWEEN:

ORCA MOBILE SOLUTIONS LTD., a corporation incorporated under the laws of British Columbia with a registered office located at Suite 1829, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

the "Purchaser")

AND:

SOLLENSYS CORPORATION

a Korean corporation with an address at 970 - 98 Wolchul-dong, Buk-gu, Gwangju, ~~400-400~~, Korea

(the "Vendor") 

AND:

GWAN-JE WOO

each, an individual with an address at 970 - 98 Wolchul-dong Buk-gu Gwangju 500-460, Korea

(the "Covenantor")

BACKGROUND

- A. The Vendor is the owner of all right, title and interest in and to the inventions (the "Inventions") described and claimed in the patent listed in Exhibit "A", including, without limitation, all extensions, continuations, provisionals, derivatives and related applications thereof, in the Republic of Korea or otherwise (the "Patent");
- B. The Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Inventions and the Patent on the terms and subject to the conditions provided in this Agreement; and
- C. The Covenantor is the principal shareholder of the Vendor, and has become a party to this Agreement for the purpose of covenanting with the Vendor to indemnify the Purchaser in the manner provided in this Agreement.

TERMS OF AGREEMENT

In consideration of the premises and the covenants, agreements, representations, warranties and payments contained in this Agreement, the parties agree as follows:

1. PURCHASE AND SALE

Upon the terms and subject to the conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase from the Vendor, all right, title and interest in and to the Inventions and the Patent, together with the following related property and assets:

- (a) all contracts, engagements or commitments, whether written or oral, to which the Vendor is entitled in connection with the Inventions or the Patent (the "**Material Contracts**"); and
- (b) all right and interest of the Vendor to all registered and unregistered trademarks, trade or brand names, copyrights, designs, restrictive covenants and other industrial or intellectual property used in connection with the Inventions or the Patent (the "**Intangible Property**");

(collectively, the "**Assets**").

2. ASSIGNMENT

At closing, the Vendor shall execute such documents as the Purchaser may require to evidence the sale, assignment and transfer of all right, title and interest of the Vendor in and to the Inventions and the Patent to the Purchaser. For clarity, such interest includes, without limitation, all income, royalties, damages, right to sue, right to enforce and any and all payments *now or hereafter due or payable with respect thereto*, and the right to bring any claim, counterclaim or sue for recovery for the past, present and future infringement of the rights being assigned.

3. PURCHASE PRICE

The purchase price payable by the Purchaser to the Vendor for the Assets will be \$50,000 in cash.

4. PAYMENT OF THE PURCHASE PRICE

The Purchaser shall pay and satisfy the purchase price by sending a wire transfer of immediately available funds to a bank account designated by the Vendor at closing.

5. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows, with the intent that the Purchaser is relying on these representations and warranties in entering into this Agreement, and in concluding the purchase and sale contemplated hereby.

5.1 Status of Vendor and Capacity to Sell

The Vendor is a corporation duly incorporated, validly existing and in good standing under the laws of the Republic of Korea, and has the power and capacity to own and dispose of the Inventions and the Patent and to enter into this Agreement and carry out its terms.

5.2 Authority to Sell

The execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Vendor, and this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms except as may be limited by laws of general application affecting the rights of creditors.

5.3 Sale Will Not Cause Default

Neither the execution and delivery of this Agreement nor the completion of the purchase and sale contemplated hereby will:

- (a) violate any of the terms and provisions of the constating documents of the Vendor, or any order, decree, statute, by-law, regulation, covenant or restriction applicable to the Vendor or any of the Assets;
- (b) give any person the right to terminate, cancel or remove any of the Assets, except to the extent that the consent of any third party is required to assign the Material Contracts; or
- (c) result in any fees, duties, taxes, assessments or other amounts relating to any of the Assets becoming due or payable by the Purchaser in connection with the purchase and sale.

5.4 Assets

The Vendor owns and possesses and has good marketable title to the Assets free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances and other claims, and neither the Vendor nor any predecessor in interest to the Inventions or the Patent has granted any licenses or any other rights thereto to any third party. The Vendor is not obligated to make any payments in the form of royalties, fees or otherwise to any owner, licensor or other party in connection with the use of the subject matter disclosed and claimed in the Inventions or the Patent.

5.5 Patent Maintenance

All annuity and maintenance fees required to keep the Patent in force as of the date of this Agreement have been paid by the Vendor.

5.6 Litigation

There is no litigation or administrative or governmental proceeding or inquiry pending, or to the knowledge of the Vendor, threatened against or relating to the Assets, nor does the Vendor know of any reasonable basis for any such action, proceeding or inquiry.

5.7 Conformity with Laws

All governmental licences and permits required for the uses to which the Assets have been put have been obtained and are in good standing and such uses are not in breach of any order, decree, statute, by-law, regulation, covenant, restriction, plan or permit.

5.8 No Defaults

Except as otherwise expressly disclosed in this Agreement there has not been any default in any obligation to be performed under any Material Contract, each of which is in good standing and in full force and effect, unamended.

5.9 Accuracy of Representations

No certificate furnished by or on behalf of the Vendor to the Purchaser at closing in respect of the representations, warranties or covenants of the Vendor will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained in the certificate not misleading.

5.10 Canadian Resident

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

6. **COVENANTS OF THE VENDOR**

6.1 Conduct of Business

Until closing, the Vendor will use its best efforts to preserve the Assets intact.

6.2 Access by Purchaser

The Vendor shall give to the Purchaser and the Purchaser's representatives full access, during normal business hours throughout the period prior to closing, to all of the properties, books, contracts, commitments and records of the Vendor relating to the Assets, and shall furnish to the Purchaser during that period all such information as the Purchaser may reasonably request.

6.3 Procure Consents

The Vendor shall diligently take all reasonable steps required to obtain, before closing, all consents to the assignments of the Material Contracts and any other of the Assets for which a consent is required.

6.4 Covenant of Indemnity

The Vendor and the Covenantor shall jointly and severally indemnify and hold harmless the Purchaser and its officers, directors, shareholders, employees, agents and affiliates (collectively, the "Indemnified Parties") from and against:

- (a) any and all liabilities, whether accrued, absolute, contingent or otherwise, existing at closing and which are not agreed to be assumed by the Purchaser under this Agreement;
- (b) any and all damage or deficiencies resulting from any misrepresentation, breach of warranty or non-fulfilment of any covenant on the part of the Vendor under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to the Purchaser under this Agreement; and
- (c) any and all claims, actions, suits, demands, proceedings, assessments, judgments, costs and legal and other expenses incident to any of the foregoing.

7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as follows, with the intent that the Vendor will rely on these representations and warranties in entering into this Agreement, and in concluding the purchase and sale contemplated by this Agreement.

7.1 Status of Purchaser

The Purchaser is a corporation duly incorporated, validly existing and in good standing under the *Business Corporations Act* (British Columbia), has the power and capacity to enter into this Agreement and carry out its terms.

7.2 Authority to Purchase

The execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Purchaser, and this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms except as limited by laws of general application affecting the rights of creditors.

8. COVENANTS OF THE PURCHASER

8.1 Consents

The Purchaser shall at the request of the Vendor execute and deliver such applications for consent and such assumption agreements, and provide such information as may be necessary to obtain the consents referred to in Section 6.3 and will assist and co-operate with the Vendor in obtaining the consents.

8.2 Confidentiality

The Purchaser acknowledges that any information, material or documentation received or observed by it in relation to this Agreement or the transactions contemplated hereby, including pursuant to or as contemplated by Section 6.2, either before or after the execution of this Agreement is confidential. The Purchaser will only use or disclose such confidential information in accordance with the provisions of the *Personal Information Protection Act* (British Columbia). The Purchaser shall take, and shall

cause its employees, representatives and agents to take, all reasonable steps and precautions to protect and maintain the confidentiality of such information, materials and documentation; provided that the foregoing will not prevent the Purchaser from disclosing or making available to its accountants, professional advisors and bankers and other lenders, whether current or prospective, any such information, materials and documentation on a confidential basis for the purpose of carrying out the transactions contemplated by this Agreement.

9. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

9.1 Vendor's Representations, Warranties and Covenants

All statements contained in any certificate or other instrument delivered by or on behalf of the Vendor under this Agreement or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Vendor. All representations, warranties, covenants and agreements made by the Vendor in this Agreement or under this Agreement shall, unless otherwise expressly stated, survive closing and any investigation at any time made by or on behalf of the Purchaser, subject to Section 9.2, and shall continue in full force and effect for the benefit of the Purchaser.

9.2 Limitation on Vendor's Indemnity

No claim by the Purchaser under the covenant of indemnity contained in Section 6.4 or for damages or other relief in respect of misrepresentation or breach of warranty, covenant or agreement by the Vendor under this Agreement will be valid unless:

- (a) written notice of the claim is given by the Purchaser to the Vendor before the expiration of 24 months after closing; and
- (b) the aggregate amount of all such claims exceeds \$10,000.

9.3 Purchaser's Representations, Warranties and Covenants

All representations, warranties, covenants and agreements made by the Purchaser in this Agreement or under this Agreement shall, unless otherwise expressly stated, survive closing and any investigation at any time made by or on behalf of the Vendor, subject to Section 9.4, and shall continue in full force and effect for the benefit of the Vendor.

9.4 Limitation on Purchaser's Indemnity

No claim by the Vendor under the covenant of indemnity contained in Section 6.4 or for damages or other relief in respect of misrepresentation or breach of warranty, covenant or agreement by the Purchaser under this Agreement will be valid unless:

- (a) written notice of the claim is given by the Vendor to the Purchaser before the expiration of 24 months after closing; and
- (b) the aggregate amount of all such claims exceeds \$10,000.

10. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PURCHASER

All obligations of the Purchaser under this Agreement are subject to the fulfillment at or before closing of the following conditions:

10.1 Vendor's Representations and Warranties

The Vendor's representations and warranties contained in this Agreement and in any certificate or document delivered hereunder or in connection with the transactions contemplated hereby will be true at and as of closing as if such representations and warranties were made at and as of such time.

10.2 Vendor's Covenants

The Vendor will have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it before or at closing.

10.3 Vendor's Certificate

The Vendor will have delivered to the Purchaser a certificate of the Vendor, executed by its President, dated as of closing, certifying in such detail as the Purchaser may specify to the fulfillment of the conditions set forth in Sections 10.1 and 10.2.

10.4 Consents

The Purchaser will have received duly executed copies of the consents or approvals referred to in Section 6.3.

The foregoing conditions are for the exclusive benefit of the Purchaser and any such condition may be waived in whole or in part by the Purchaser at or before closing by delivering to the Vendor a written waiver to that effect signed by the Purchaser.

11. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE VENDOR

All obligations of the Vendor under this Agreement are subject to the fulfillment, before or at closing, of the following conditions:

11.1 Purchaser's Representations and Warranties

The Purchaser's representations and warranties contained in this Agreement will be true at and as of closing as though such representations and warranties were made as of such time.

11.2 Purchaser's Covenants

The Purchaser will have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it at or before closing.

11.3 Consents of Third Parties

All consents or approvals required to be obtained by the Vendor for the purpose of selling, assigning or transferring the Assets will have been obtained, provided that this condition may only be relied upon by the Vendor if the Vendor has diligently exercised its best efforts to procure all such consents or approvals and the Purchaser has not waived the need for all such consents or approvals.

Each of the foregoing conditions is for the exclusive benefit of the Vendor and any such condition may be waived in whole or part by the Vendor at or before closing by delivering to the Purchaser a written waiver to that effect signed by the Vendor.

12. CLOSING

12.1 Time of Closing

Subject to the terms and conditions of this Agreement, the purchase and sale of the Assets will be completed at a closing to be held at 11:00 a.m., local time in Vancouver, at such other time and date as determined by the Purchaser on at least one day's notice to the Vendor.

12.2 Place of Closing

The closing will take place at the office of the Purchaser at 925 – 1820 W. Georgia Street, Vancouver, British Columbia, Canada.

12.3 Documents to be Delivered by the Vendor

At the closing the Vendor will deliver or cause to be delivered to the Purchaser:

- (a) all assignments, in form and content satisfactory to the Purchaser, appropriate to effectively vest good and marketable title to the Assets in the Purchaser to the extent contemplated by this Agreement, and immediately registrable in all places where registration of such instruments is required;
- (b) all consents or approvals obtained by the Vendor for the purpose of validly assigning the Material Contracts;
- (c) copies of all patent applications regarding the Inventions and the Patent, together with any correspondence with the Korean Intellectual Property Office in the Seller's possession related thereto;
- (d) the certificate of the Vendor to be given under Section 10.3;
- (e) duly executed releases of, or evidence to the reasonable satisfaction of the Purchaser as to the discharge of any and all liabilities which the Purchaser has not agreed to assume and which may be enforceable against any of the Assets; and
- (f) certified copies of those resolutions of the shareholders and directors of the Vendor required to be passed to authorize the execution, delivery and

implementation of this Agreement and of all documents to be delivered by the Vendor hereunder.

12.4 Documents to be Delivered by the Purchaser

At the closing the Purchaser will deliver or cause to be delivered to the Vendor evidence of a wire transfer in the amount of the purchase price sent to a bank account designated by the Vendor.

13. **ASSUMPTION OF LIABILITIES**

The Purchaser shall not be liable for and hereby disclaims any assumption of any obligations, third party claims or liabilities of the Vendor, its affiliates or any third party of any kind or nature whatsoever arising from or in connection with any circumstance, cause of action, breach, violation, default or failure to perform with respect to the Inventions and the Patent prior to closing (collectively, the "**Retained Liabilities**"), and the Vendor and the Covenantor shall jointly and severally indemnify and hold harmless the Indemnified Parties from and against any and all claims, actions, suits, demands, proceedings, assessments, judgments, costs and legal and other expenses suffered or incurred, directly or indirectly, in connection with a Retained Liability and any obligation arising out of or relating to the Vendor's ownership or actions (or lack thereof) in respect of the Inventions or the Patent.

14. **RISK OF LOSS**

From the date of this Agreement to closing, the Assets will be and remain at the risk of the Vendor. If any of the Assets are lost, damaged or destroyed before closing, the Purchaser may, in lieu of terminating this Agreement under Section 15, elect by notice in writing to the Vendor to complete the purchase to the extent possible without reduction of the purchase price, in which event all proceeds of any insurance or compensation in respect of such loss, damage or destruction will be payable to the Purchaser and all right and claim of the Vendor to any such amounts not paid by closing will be assigned to the Purchaser.

15. **TERMINATION**

This Agreement may be terminated at any time prior to closing by:

- (a) the mutual agreement of the parties;
- (b) the Purchaser, if there has been a material breach by the Vendor or the Covenantor of any material representation, warranty, covenant or agreement set forth in this Agreement that is not cured, to the reasonable satisfaction of the Purchaser, within five business days after notice of such breach is given by the Purchaser (except that no cure period shall be provided for a breach by the Vendor or the Covenantor that by its nature cannot be cured); or
- (c) the Vendor or the Purchaser, if any permanent injunction or other order of a governmental entity or competent authority preventing the purchase and sale of any of the Assets become final and non-appealable.

16. FURTHER ASSURANCES

The parties will execute such further and other documents and do such further and other things as may be necessary to carry out and give effect to the intent of this Agreement.

17. SET-OFF

If, under this Agreement or any document delivered hereunder, the Vendor becomes obligated to pay any sum of money to the Purchaser, then such sum may at the election of the Purchaser, and without limiting or waiving any right or remedy for the Purchaser under this Agreement, be set off against and will apply to any sum of money or security owed by the Purchaser to the Vendor until such amount has been completely set off.

18. NOTICE

All notices required or permitted to be given under this Agreement will be in writing and personally delivered to the address of the intended recipient set forth on the first page of this Agreement or at such other address as may from time to time be notified by any of the parties in the manner provided in this Agreement.

19. ENTIRE AGREEMENT

This Agreement, together with the Schedules hereto and the Patent and Technology Agreement dated May 12, 2014, constitutes the entire agreement between the parties with respect to the subject matter hereof and there are no representations or warranties, express or implied, statutory or otherwise and no collateral agreements other than as expressly set forth or referred to in this Agreement.

20. AMENDMENT

No amendment of this Agreement will be binding unless made in writing by all the parties to this Agreement.

21. ASSIGNMENT

This Agreement may not be assigned by any party without the prior written consent of the other parties.

22. TIME OF THE ESSENCE

Time will be of the essence of this Agreement.

23. APPLICABLE LAW

This Agreement will be governed by and interpreted in accordance with the laws of British Columbia.

24. SUCCESSORS AND ASSIGNS

This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

25. HEADINGS

The headings appearing in this Agreement are inserted for convenience of reference only and will not affect the interpretation of this Agreement.

AS EVIDENCE OF THEIR AGREEMENT the parties have executed this Agreement as of the day and year first written above.

ORCA MOBILE SOLUTIONS LTD.

By: "Justin Blanchet"
Authorized Signatory

SOLLENSYS CORPORATION

By: "Gwan-je Woo"
Gwan-je Woo, President

"Gwan-je Woo"
GWAN-JE WOO

EXHIBIT "A"

THE PATENT

Application No.	Region	Applicant	Title of Invention	Application Date	Registration Date
10-2011-0043961	Republic of Korea	Sollensys Corporation	Touch screen sensor for producing folding laminating apparatus	May 11, 2011	June 30, 2013