



## EXCLUSIVITY AGREEMENT

**THIS EXCLUSIVITY AGREEMENT** (the "**Agreement**") is made and entered into as of this, Join Venture Partnership by and between LOREX CORPORATION ("LOREX"), a Delaware corporation with offices at 901 Elkridge Landing Road, suite 100, Linthicum, Maryland 21090, and \_ Throughtek Co., Ltd. ("TUTK")\_(the "**Partner**").

### WHEREAS:

- A. LOREX provides businesses and consumers with leading edge video surveillance security solutions and sells its products under the LOREX and Digimerge brands. LOREX has recognized the Partner's cloud connectivity services Assets and is prepared to introduce the Partner to  (the "**Third Party**") specializing in equipment manufacturing to create a joint venture to the benefit of all parties concerned amalgamating the Partner's Assets with the Third Party's assets (the "**Joint Assets**"), and the parties agree to sell the Joint Assets to LOREX exclusively in the Territory for the Term. It is understood and agreed that any direct or indirect pre-existing relationship between the Partner and the Third Party in relation to the Joint Assets supersedes the exclusivity clauses in this Agreement.
- B. The Partner is the owner of all right, title and interest in and to the assets more particularly described on Schedule "A" hereto (collectively, the "**Assets**").
- C. The parties hereto intend to be parties to a certain joint venture agreement with the Third Party to create the Joint Assets and sell them exclusively to LOREX (the "**Joint Venture Agreement**"); and the entering into of this Agreement is a condition toward completing the transaction of the Joint Venture Agreement contemplated thereby. It is understood that the Joint Venture Agreement shall be entered into solely for the purpose of creating, manufacturing and distributing the Joint Assets and Joint Products in the Territory, and no other assets of the parties shall be included without the expressed written consent of that party in their sole discretion.
- D. The parties hereto wish to enter into this Agreement to, *inter alia*, agree that LOREX shall be the exclusive distributor for the Joint Assets worldwide (the "**Territory**") for a period of five (5) years from the date of the signing of the Joint Venture Agreement (the "**Term**"). It is further understood that the Partner will not enter into any agreement with the Third Party to introduce and/or sell similar products to the Joint Assets to any party directly or indirectly other than LOREX.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. Grant of Exclusivity

The Partner agrees to and does hereby grant to LOREX for the Term (as defined below) and upon the terms and conditions hereinafter set forth, an exclusive license with the right to sublicense others, to make, use, offer for sale, import or sell only the

Joint Assets and any uses and related products that may hereafter be developed by the Partner on behalf of LOREX, whether individually or jointly with others, on the basis of, or otherwise derived from, the Joint Assets (any such uses or products being herein collectively referred to as the "Joint Products"), for the purpose of effecting the development, marketing and sale of the Joint Assets and Joint Products through the Territory. For the avoidance of doubt it is clarified that the exclusivity does not apply to the Assets other than in the form merged into the Joint Assets.

The license contemplated by this Section 1 shall throughout the Term be exclusive to LOREX in relation to the Territory.

## 2. Term of License

Unless otherwise terminated in accordance with the terms and conditions of this Agreement, the license granted hereby shall be effective for a term of five (5) years commencing on the date of the signing of the Joint Venture Agreement (the "Term"), with no renewal terms.

## 3. License Fees

It is understood that LOREX shall purchase the Joint Assets and Joint Products from the Partner and the Third Party in accordance with the Joint Venture Agreement, and the Partner agrees to sell the Joint Assets and Joint Products to LOREX at a fair price such that a reasonable market acceptable selling price as determined by LOREX is achieved and LOREX may earn a reasonable gross profit margin consistent with the average achieved in the prior fiscal year. Therefore, there will be no Licensee fee payable by LOREX for the granting of the license contemplated hereby. Additional Consideration on Commercialization

## 4. Research and Development Activities

The parties hereto agree to work jointly in connection with research and development activities respecting the Joint Assets, including in relation to the development of Joint Products, and upon completion of development activities, to determine the appropriate means to Commercialize the Joint Assets. The parties further agree that in the event that Commercialization of the Joint Assets does not occur within one (1) year of the execution of the Joint Venture Agreement, and following reasonable commercial efforts on the part of the parties, this Agreement shall terminate automatically.

The parties agree that any improvements or developments of the Joint Assets which are made by the parties, shall be jointly owned and treated as Joint Assets under this agreement. Any patent deemed necessary and jointly agreed to by the parties to secure the Joint Assets shall name all three parties of the Joint Venture Agreement as equal owners of the intellectual property, and all costs related to the patent filing shared equally by all three parties. Nothing herein shall be construed as licensing or granting any other right to the Assets.

For purposes of this Agreement, "**Commercialize**" shall mean the qualification of manufacturing capabilities and the initiation of launch production and/or the establishment of a joint venture with other persons constituted to manufacture or launch Joint Assets or Joint Products, and "**Commercialization**" shall have a corresponding meaning. Commercialization shall be deemed to have occurred upon the earlier of (a) the issuance of a written notice executed by the parties confirming Commercialization and (b) the date of the actual initial sale or license by LOREX of the Joint Assets or Joint Products.

Nothing in this Section 4 requires either of the parties to expend funds in relation to research and development activities involving the Joint Assets.

**5. Commercially Reasonable Efforts of Licensee**

Upon and following Commercialization, LOREX shall use its commercially reasonable efforts to market and sell Joint Assets and Joint Products. Except as provided in the immediately preceding sentence, LOREX shall have no obligations whatsoever to the Partner in relation to the development, marketing and sale of the Joint Assets and the Joint Products.

**6. Confidentiality**

No party shall disclose to any person other than their professional advisors the existence or terms of this Agreement or any matter contemplated hereby, unless such disclosure is required by law. The covenant contained in this section shall survive the termination of this Agreement. Notwithstanding the foregoing, nothing in this Section 6 shall prevent either party from (a) commencing legal proceedings taking such preliminary, interim or conservatory measures, including injunctive relief, as may be necessary to define or protect the rights and enforce the obligations contained herein pending final settlement of a dispute, controversy or claim under this Agreement or (b) commencing legal proceedings otherwise involving the enforcement of this Agreement.

**7. Governing Law**

This letter of agreement shall be governed by the laws of the State of Maryland and the federal laws of the United States applicable therein.

**8. Waiver of Jury Trial**

Each of the parties hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation as between the parties directly or indirectly arising out of under or in connection with this Agreement or the transactions contemplated hereby or disputes relating hereto. Each of the parties (a) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other party have been induced to enter into this agreement by, among other things, the mutual waivers and certifications in this Section 8.

## **9. Notices**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopier, or sent by registered mail, charges prepaid, addressed as follows:

(a) if to LOREX:

Lorex Corporation  
250 Royal Crest Court  
Markham, Ontario L3R 3S1

Fax: 905-947-0138

(b) if to the Partner:

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or if such day is not a business day, on the next following business day) or, if mailed, on the fifth business day following the date of mailing. Any party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 9.

## **10. Currency**

Unless otherwise indicated, all dollar amounts referred to in this agreement are expressed in United States funds.

## **11. Sections and Headings**

The division of this agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this agreement.

## **12. Entire Agreement**

This agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

## **13. Time of Essence**

Time shall be of the essence of this agreement.

**14. Severability**

If any provision of this agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct. In addition, if any provision of this agreement is so determined to be invalid, illegal or unenforceable, the parties agree to use reasonable efforts to replace such provision with one that gives effect to the intent of the parties, and that is valid, legal and enforceable.

**15. Successors and Assigns**

This agreement shall enure to the benefit of and be enforceable by the parties and, where the context so permits, their respective successors, permitted assigns, heirs and personal representatives, and shall be binding on the parties hereto and their respective successors and assigns. LOREX may assign any of its rights or obligations hereunder to any assignee.

**16. Amendment and Waivers**

No amendment or waiver of any provision of this agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

**17. Counterparts**

This agreement may be executed in counterparts (whether by facsimile signature or otherwise), each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

**18. Relationship of Parties**

This Agreement does not constitute LOREX as the agent or legal representative of the Partner or the Partner as the agent or legal representative of LOREX for any purpose whatsoever. Other than the creation, manufacture and distribution of the Joint Assets and Joint Products in connection with the Joint Venture Agreement, no other joint venture or partnership between LOREX and the Partner is intended or shall be inferred from the provisions of this Agreement.

**19. Independent Legal Advice**

The parties hereto hereby confirm that each has obtained independent legal advice in connection with this Agreement and the transactions contemplated hereby.

**[REST OF PAGE INTENTIONALLY LEFT BLANK]**

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

Throughtek co., Ltd. / G.M.  
Charles Fan 2012/9/18  
Witness

Throughtek co., Ltd / president  
Patrick Kimo 2012/9/18  
Partner

Lorex Corporation

Per: MW 10.11.12 Martin Wernon  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

## **SCHEDULE "A"**

### **ASSETS**

Cloud Connectivity services.

Cloud Connectivity services specializing in varied networked devices, including IP cam, NAS, Set-top box, home gateway, and similar devices.

The Partner will develop connectivity services with a connection platform based on P2P (Point to Point) network connection architecture and advanced Cloud computing technology via API (Application Programming Interface) for cross-platform connection. The end result will allow developers to utilize a ready-to-use API to build up the connection between different devices and across different operation systems.