

DRAFT TERM SHEET

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| <u>Company</u> | XXXXX (the "Company") |
| <u>Amount</u> | \$2,962,500 in 3 tranches: <ul style="list-style-type: none">• \$1,481,250 upon closing for 24,688% fully diluted equity• option to 12.344% equity at an exercise price of \$740,625 exercisable at any time up to 12 months• option to 12.344% equity at an exercise price of \$740,625 exercisable at any time up to 24 months |
| <u>Securities</u> | Series A Convertible Redeemable Preference Shares |
| <u>Number of Shares</u> | 4xYY shares of Series A Preference Shares, to be issued in two tranches: 2xYY shares representing 24.688% equity upon closing and 2 options to YY shares representing 12.244% fully diluted equity within 12 month and 24 months of the closing |
| <u>Purchase Price</u> | \$XX per share representing 49.375% fully diluted equity for \$2,962,500 |
| <u>Closing Date</u> | Within 60 days from signing of this term sheet |
| <u>Investors</u> | Funds managed ABC Venture Capital Partners |
| <u>Options Reserve</u> | An initial reserve representing 10% equity of ordinary shares to be set aside for non-executive directors, management and staff. This reserve would come out of the founders' equity and would leave the founders with 39.375% of fully diluted equity. |

TERMS OF SERIES A PREFERENCE SHARES:

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| <u>Dividends</u> | The holders of the Series A Preference Shares will be entitled to accrue dividends in preference to any dividend on the ordinary shares at the rate of 8% of the original issue price per share per annum. Such dividends shall be cumulative. Dividends shall be payable at the option of Company in cash or in shares of Series A Preference Shares. No dividend shall be paid on the ordinary shares at a rate greater than the rate paid on the Preference Shares. |
| <u>Redemption</u> | At the individual option of each holder (but subject to the Company having sufficient funds (including by utilising reasonable borrowings)) at a redemption price of the amount paid per share plus accrued but unpaid dividends, commencing January 1, 2007 as follows: |

Maximum
Number of

| <u>Date</u> | <u>Outstanding Shares Redeemed</u> |
|-----------------|--|
| January 1, 2007 | 33 1/3% |
| January 1, 2008 | 66 2/3% |
| January 1, 2009 | 100% |

Liquidation Preference

In the event of any liquidation or winding up of the Company, the holders of the Series A Preference Shares will be entitled to receive the original issue price paid per share plus all declared and unpaid dividends on such shares (the "Series A Preferential Amount") prior and in preference to any distributions made to the holders of ordinary shares. After the payment of the Series A Preferential Amount, any remaining assets or property distributable upon such liquidation or winding up will be divided pro rata among the holders of ordinary shares and Preference shares on an as converted basis. In the event the assets of the Company are insufficient to pay the full preferential amounts to all holders of Series A Preference Shares, the assets of the Company shall be distributed ratably among such holders in proportion to the product of the liquidation preference for each such share and the number of shares held by such holder.

Merger, Consolidation

In the event of a merger, consolidation, or any transaction in which all or substantially all of the assets of the Company are sold or transferred (other than a merger in which the Company is the survivor and which does not result in a change in the Ordinary Shares) the holders of the Series A Preference Shares will be entitled to receive the original issue price paid per share plus all declared and unpaid dividends on such shares (the "Series A Preferential Amount") prior and in preference to any distributions made to the holders of ordinary shares. After the payment of the Series A Preferential Amount, the proceeds will be divided pro rata among the holders of ordinary shares and Preference shares on an as converted basis (i.e. as if the holders of the Class A Preference Shares had converted such shares into ordinary shares in full at the Conversion Price described below).

Conversion

The holders of the Series A Preference Shares will have the right to convert the Series A Preference Shares at any time into ordinary shares of the Company. The initial conversion rate shall be on a one-to-one basis and shall be subject to the adjustments described in conversion price, automatic conversion and anti-dilution below.

Conversion Ratio

The conversion ratio of the Series A Preference Shares will initially be the original issue price paid per share. As set out in the attached shares capitalization table, the issue of the

Series A Preference shares shall initially convert to 49.375% of the fully diluted equity in the Company.

Should the conversion occur upon a liquidity event, such as a public offering of the Company's ordinary shares or a sale of all or substantially all of the Company or its assets and undertaking to another party, then the conversion ratio may be adjusted so that holders of the Series A Preference shares shall convert to a greater fully diluted percentage of the Ordinary Shares on issue. The calculation of such conversion factor shall relate to the date of the liquidity event and the value of the Company at the time of that event.

The formula for such conversion will be subject to protections for dilution and adjustment events as set out below in this term sheet.

The "Minimum Investment Return" at a Liquidity Event is the sum of the values of each investment making up the Class A Preferential Amount compounded at an annualized rate of 60% for the period of time from the date of the investment.

The Conversion Ratio of the Class A Preference shares shall be such that the percentage of ownership of the Company represented by the Ordinary shares so issued, when applied to the value of the company at the Liquidity Event, is at least the Minimum Investment Return of 60%.

Automatic Conversion

The Class A Preference Shares will be automatically converted into ordinary shares upon (i) the closing of the Company's public offering of its ordinary shares (or shares in a subsidiary of the Company) on or before July 1, 2007 with gross proceeds to the Company yielding at least a 60% compounding annualised return on the original issue price of the Class A Preference Shares (as adjusted to reflect subsequent shares splits, shares dividends or recapitalizations) or (ii) the approval of the holders of at least a majority of the shares of the outstanding Class A Preference Shares, voting together as a single class.

Anti-dilution

The conversion price of the Series A Preference Shares will be on a weighted average formula basis to prevent dilution, in the event that the Company issues additional shares of ordinary shares, convertible securities or warrants or grants shares options or issues other ordinary shares equivalents (other than shares in the Reserve) at a purchase price less than the conversion price then in effect (a "Dilutive Financing").

Adjustments

In the event of any shares splits, shares dividends or combinations, an adjustment will be made such that the holders of Series A Preference Shares will hold the same

relative ownership position after such action as they had immediately prior to such action.

Voting Rights

Each share of Series A Preference Shares will carry one vote per share of ordinary shares then issuable upon its conversion. The Preference Shares will vote together with the ordinary shares and not as a separate class, except as specifically provided in the Restated Certificate of Incorporation or as otherwise required by law.

Anti Dilution

The conversion price of the Series A Preferred Shares will be subject to adjustment to prevent dilution, on a broad-based weighted average basis, in the event that the Company issues additional shares of ordinary shares, convertible securities or warrants or grants shares options or issues other ordinary shares equivalents (other than shares in the Employee Reserve) at a purchase price less than the conversion price then in effect (a "Dilutive Financing").

Adjustments

In the event of any shares splits, shares dividends or combinations, an adjustment will be made such that the holders of Series A Preferred Shares will hold the same relative ownership position after such action as they had immediately prior to such action.

Voting Rights

Each share of Series A Preferred Shares will carry one vote per share of ordinary shares then issuable upon its conversion. The Preferred Shares will vote together with the ordinary shares and not as a separate class, except as specifically provided in the Memorandum and Articles of Association or as otherwise required by law.

Directors

The initial board shall consist of five directors; two nominated by the Series A Preferred shareholders, two nominated by the founders, and one independent nominated by mutual agreement.

Non-executive directors may each be granted, out of the Reserve, three-year options on Ordinary Shares representing 2% of the equity of the Company, exercisable at the Series A Preferred Shares issue price. Such options shall vest in three equal tranches at the first, second and third anniversaries of election of the director, subject to their continued service.

The Series A Preferred shareholders shall have the right to appoint the Chairman for the first 12 months. Thereafter, the Chairman will be appointed upon mutual consent of the ordinary and the Series A Preferred shareholders.

The Company will obtain D&O insurance in amount of at least \$5,000,000.

Protective Provisions

While there are Series A Preferred Shares on issue, consent of the holders of at least a majority of the Series A Preferred Shares and the Ordinary Shares, voting as separate classes, will be required for certain actions by the Company. These include, but are not limited to: (i) the sale, disposal or encumbrance of all or substantially all of the Company's property or business, the merger or consolidation of the Company with any other corporation (other than a wholly owned subsidiary corporation) or the disposal of more than 50% of the voting power of the Company, (ii) any amendment to the constituent documents (including the certificate of incorporation, bylaws or memorandum and articles of association) which would change the rights, preferences or privileges of the Preferred Shares, (iii) the increase or decrease of the authorized number of shares of Preferred Shares, (iv) the authorization or issuance of any new class or series of shares, or reclassification of any existing class of shares into shares, having rights, preferences or privileges senior to or on a parity with the Series A Preferred Shares with respect to dividends, voting or assets, (v) the repurchase or redemption of the Ordinary Shares of the Company other than repurchases upon termination of employment pursuant to the Company's repurchase option and (vi) the declaration or payment of any dividend on the Ordinary Shares, (vii) any related-party transactions.

Registration Rights

Commencing upon the earlier of May 1, 2007 or twelve months following the Company's initial public offering, the holders of at least 50% of the Registrable Securities will have the right to demand two registrations (each registration covering an offering of at least the lesser of 20% of the outstanding Registrable Securities or \$4,000,000 in aggregate net proceeds). Holders will have rights to an unlimited number of piggyback registrations and, upon the request of holders of at least 33% of Registrable Securities (or any lesser amount if the aggregate proceeds would exceed \$1,000,000), one demand registrations on Form S-3 per year. The Company will bear registration expenses (exclusive of underwriting discounts and commissions) of all such registrations, other than registrations on Form S-3, the expenses of which will be borne by the Holders. Registration rights may be transferred to a holder (other than a competitor of the Company) of at least 15% of the Registrable Securities, providing that the Company is given written notice thereof; transfers by a partnership to its partners or by a corporation to a 50%-owned entity will be without restriction as to a minimum number of shares transferred. Registration rights will terminate on the third anniversary of the Company's initial public offering.

Unknown
Deleted: then outstanding

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| <u>Market Stand-Off</u> | Investors will agree not to sell or transfer any Registrable Securities during a reasonable and customary period of time, not to exceed 180 days, as agreed upon by the Company and its underwriters following the filing by the Company of the first two registration statements under the Securities Act of 1933, as amended provided that all of the Company's officers, directors and affiliates enter into a market stand-off agreement for the same period of time. The market stand-off obligation will terminate upon the termination of a Holder's registration rights. |
| <u>Right of First Offer</u> | Series A Preference shareholders will have a right of first offer to purchase offerings of new securities of the Company other than: shares of Ordinary Shares issued to employees, consultants and advisors of the Company pursuant to any shares purchase or shares option agreement approved by the Board of Directors, certain other exceptions as more fully described in the Amended and Restated Information and Registration Rights Agreement, or to or after the Company's initial public offering. |
| <u>Information Requirements</u> | Investors will receive annual audited financial statements and monthly unaudited financial statements and an annual budget. Investors will have customary inspection rights. Information rights will terminate upon the Company's initial public offering. |
| <u>Purchase Agreements</u> | The investment shall be made pursuant to a Shares Purchase Agreement reasonably acceptable to the Company and the Investors, which agreement shall contain, among other things, representations and warranties of the Company, covenants of the Company reflecting the provisions set forth herein and appropriate conditions of closing, an opinion of counsel for the Company. |
| <u>Co-Sale Agreement</u> | The holders of Preference Shares and founders are entitled to participate in a sale of Ordinary Shares by certain holders thereof on a pro rata basis. The Co-Sale Agreement terminates upon an initial public offering. |
| <u>Reserve</u> | The initial Reserve will represent 10% equity, to be allocated by the board of directors. The Reserve is the aggregate number of shares of ordinary shares, inclusive of repurchases and cancellations and expirations of options, issued or reserved for issuance to officers, directors, employees, consultants and advisors pursuant to shares option plans or restricted shares purchase agreements. |

OTHER MATTERS:

Conditions Precedent to Financing

1. Completion of legal documentation satisfactory to ABC (These include, but are not limited to: Shareholders Agreement; Subscription Agreement; Constitution; Key-Employee Employment Agreements; Share Buy-Back Agreement; IP Transfer Agreements)
2. Satisfactory completion of due diligence by the Investors.
3. Approval of the trustee of the funds managed by ABC
4. Transfer of all of the assets and undertaking, including copyrights, patents, know-how and any other intellectual property to the Company.
5. Employment Agreements satisfactory to Investors signed by key employees.
6. Frozen balance sheet as at the signing of the term sheet.
7. Re-structuring of the capital structure to allow for ABC's shares purchased to be Series A Convertible Redeemable Preference Shares.
8. Key-Man and Directors & Officers Insurance

Legal and Due Diligence Fees and Expenses

The Company shall pay the reasonable fees and expenses of the investor's counsel for the preparation of legal agreements and performing due diligence up to \$25,000.

Finders or Brokers Fees

The founders are personally responsible for any finders and/or brokers fees associated with this transaction.

Exclusivity

The Company and its founders agree to deal exclusively and in good faith with the Investors for 60 days from the date of acceptance by them of this term sheet.

Confidentiality

Neither party will disclose to any other person without the express written permission of the other party:

- (a) any of the terms and conditions of this termsheet(including its existence);
- (b) any information concerning negotiations or discussions between the parties in connection with the term sheet or any related transaction;
or

- (c) any intellectual property of the Company which the Company notifies the Investor in writing is confidential, ("Confidential Information").

This clause does not prevent or restrict the disclosure of Confidential Information to:

- (d) the disclosing party's officers, employees or professional advisers; or

Notification

During the period of Exclusivity defined above, the Company agrees to promptly notify ABC Venture Capital of any material change in the operation or structure of the Company or of its financial performance against the information previously provided to ABC Venture Capital.

Time Limit

Unless agreed to and signed by the Company and delivered to ABC Venture Capital before midnight on ??????, this Term Sheet will expire, and any offers to invest and associated terms or conditions contained herein will lapse.

Legally Binding

The terms of this term sheet (other than the terms relating to legal fees and expenses, confidentiality and exclusivity) are non - binding on the parties.

Agreed:

Investee Company

Date

Witness

ABC Venture Capital

Date

Witness