

A0647825
2258536

FILED *AM*
the office of the Secretary of State
of the State of California

JUL 11 2005

**THIRD AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ANCHOR SEMICONDUCTOR, INC.**

Chenmin Hu hereby certifies that:

1. He is the duly elected Chief Executive Officer, President and Secretary of Anchor Semiconductor, Inc., a California corporation (the "Corporation").

2. The Second Amended and Restated Articles of Incorporation of this Corporation, as amended to the date of filing of these Third Amended and Restated Articles of Incorporation, and with the omissions required by Section 910 of the Corporations Code, are hereby amended and restated to read as follows:

I.

The name of this corporation is Anchor Semiconductor, Inc. (the "Corporation").

II.

The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III.

Intentionally omitted.

IV.

The Corporation is authorized to issue two classes of stock to be designated respectively Common Stock and Preferred Stock. The total number of shares of all classes of stock which the Corporation has authority to issue is Forty Five Million Three Hundred Sixty Thousand (45,360,000), consisting of Twenty Nine Million, Five Hundred Thousand (29,500,000) shares of Common Stock at no par value (the "Common Stock"), and Fifteen Million Eight Hundred Sixty

Thousand (15,860,000) shares of Preferred Stock at no par value (the "Preferred Stock"). Of the shares of Preferred Stock, Two Million Three Hundred Sixty Thousand (2,360,000) shares shall be designated Series A Preferred Stock (the "Series A Preferred Stock"), Six Million (6,000,000) shares shall be designated Series B Preferred Stock (the "Series B Preferred Stock"), and Seven Million, Five Hundred Thousand (7,500,000) shares shall be designated Series C Preferred Stock (the "Series C Preferred Stock").

The Corporation shall from time to time in accordance with the laws of the State of California increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit conversion of the Preferred Stock.

The relative rights, preferences, privileges and restrictions granted to or imposed upon the respective classes of the shares of capital stock or the holders thereof are as set forth below.

Section 1. Dividend Rights of Preferred Stock. The holders of the Series C Preferred Stock and Series B Preferred Stock shall be entitled to receive, prior and in preference to any distribution of dividends to the holders of Series A Preferred Stock or Common Stock, when and as declared by the Board of Directors, out of funds legally available therefor, dividends at the rate of (i) Eight Cents (\$0.08) per annum per share (as adjusted for any stock dividends, stock splits, recapitalizations, combinations, consolidations or the like), on each outstanding share of Series C Preferred Stock, (ii) Four Cents (\$0.04) per annum per share (as adjusted for any stock dividends, stock splits, recapitalizations, combinations, consolidations or the like), on each outstanding share of Series B Preferred Stock. After the payment of such dividends to the holders of Series C Preferred Stock and Series B Preferred Stock, the holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of dividends to the holders of the Common Stock, when and as declared by the Board of Directors, out of funds legally available therefor, dividends at the rate of Two Cents (\$0.02) per annum per share (as adjusted for any stock dividends, stock splits, recapitalizations, combinations, consolidations or the like), on each outstanding share of Series A Preferred Stock. No dividends or other distributions shall be made with respect to the Common Stock, or any series of Preferred Stock other than dividends payable solely in Common Stock, unless at the same time an equivalent dividend with respect to all other series of Preferred Stock has been paid or set apart. After payment of such dividends to the holders of Preferred Stock, any additional dividends declared shall be distributed among the holders of Preferred Stock and the holders of Common Stock in proportion to the number of shares of Common Stock which would be held by each such holder if all shares of Preferred Stock were converted into Common Stock at the then effective Conversion Price (as defined in Section 4 below). Such dividends shall not be cumulative and no right to such dividends shall accrue to holders of Preferred Stock unless declared by the Board of Directors.

As authorized by Section 402.5(c) of the California Corporations Code, the provisions of Sections 502 and 503 of the California Corporations Code shall not apply with respect to repurchases by the Corporation of shares of Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries upon termination of their employment or services pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors that provides for a right of repurchase at cost.

Section 2. Liquidation Preference.

(a) In the event of any Liquidation Event, either voluntary or involuntary, distributions to the shareholders of the Corporation shall be made in the following manner:

(i) The holders of the Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock shall be entitled to receive, on a pari passu basis and prior and in preference to any distribution of any assets or property of the Corporation to the holders of the Common Stock by reason of their ownership thereof, the amount of One Dollar (\$1.00), Fifty Cents (\$0.50) and Twenty-five Cents (\$0.25) per share, respectively, for each share of Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock, as the case may be, then held by them, adjusted for any stock splits, stock dividends, reclassifications and the like with respect to such shares and, in addition, an amount equal to all declared but unpaid dividends, if any, on the Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock, respectively. If the assets and property thus distributed among the holders of the Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full preferential amount, then the entire assets and property of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock in proportion to the number of shares of Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock held by each holder. The One Dollar (\$1.00) per share to be paid to the holders of Series C Preferred Stock shall be referred to herein as the "Original Series C Purchase Price", the Fifty Cents (\$0.50) per share to be paid to the holders of Series B Preferred Stock shall be referred to herein as the "Original Series B Purchase Price" and the Twenty-five Cents (\$0.25) per share to be paid to the holders of Series A Preferred Stock shall be referred to herein as the "Original Series A Purchase Price."

(ii) After the holders of the Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock have received the Original Series C Purchase Price, Original Series B Purchase Price and the Original Series A Purchase Price as set forth in Section 2(a)(i), respectively, the remaining assets of the Corporation available for distribution to the shareholders shall be distributed ratably on an as converted to Common Stock basis to the holders of Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Common Stock. Each holder of Series C Preferred Stock shall stop participating in any amounts distributed pursuant to this Section 2(a)(ii) when such holder has received an amount per share of Series C Preferred Stock equal to Three (3) times the Original Series C Purchase Price, inclusive of amounts received pursuant to Section 2(a)(i) hereof. Each holder of Series B Preferred Stock shall stop participating in any amounts distributed pursuant to this Section 2(a)(ii) when such holder has received an amount per share of Series B Preferred Stock equal to Three (3) times the Original Series B Purchase Price, inclusive of amounts received pursuant to Section 2(a)(i) hereof. Each holder of Series A Preferred Stock shall stop participating in any amounts distributed pursuant to this Section 2(a)(ii) when such holder has received an amount per share of Series A Preferred Stock equal to Three (3) times the Original Series A Purchase Price, inclusive of amounts received pursuant to Section 2(a)(i) hereof. If the assets and property thus distributed among the holders of the Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Common Stock are insufficient to pay the full preferential amount, then the assets and property of the Corporation legally available for distribution shall be distributed ratably on an as converted to Common Stock basis among the

holders of Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Common Stock.

(iii) After payment has been made to the holders of the Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock of the full amounts to which they shall be entitled as set forth in Sections 2(a)(i) and (ii), the remaining assets of the Corporation available for distribution to the shareholders shall be distributed ratably among the holders of Common Stock based on the number of shares of Common Stock held by each.

(b) Notwithstanding the foregoing, the Corporation may, at any time, out of funds legally available therefor, repurchase shares of Common Stock issued to or held by employees, directors or consultants of the Corporation or its subsidiaries upon termination of their employment or services, pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors that provides for a right of repurchase at cost.

(c) For purposes of this Section 2, a "Liquidation Event" shall include any transaction (treating any series of related transactions as a "transaction") involving: (i) sale or conveyance by the Corporation of all or substantially all of its assets (including the sale or exclusive licensing of all or substantially all of the intellectual property assets of the Corporation, other than in the ordinary course of business); (ii) any dissolution, liquidation, winding up, bankruptcy reorganization, recapitalization or reclassification, (iii) any merger or acquisition of the Corporation, other than for the sole purpose of changing the corporate domicile or (iv) a Transfer of Control of the Corporation. A "Transfer of Control" is a transaction whereby as a result thereof persons other than the shareholders of the Corporation immediately prior to the transaction own or control Fifty Percent (50%) or more of the voting power (on an as converted basis) of the surviving entity immediately after the transaction.

Section 3. Redemption. The shares of Preferred Stock shall not be redeemable.

Section 4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for the Preferred Stock, into such number of fully paid and nonassessable shares of Common Stock, as is determined (i) in the case of the Series A Preferred Stock by dividing Twenty-five Cents (\$0.25) by the Series A Conversion Price, determined as hereinafter provided, in effect at the time of conversion, (ii) in the case of the Series B Preferred Stock by dividing Fifty Cents (\$0.50) by the Series B Conversion Price, determined as hereinafter provided, in effect at the time of conversion and (iii) in the case of the Series C Preferred Stock by dividing One Dollar (\$1.00) by the Series C Conversion Price, determined as hereinafter provided, in effect at the time of conversion. The price at which shares of Common Stock shall be deliverable upon conversion of the Series A Preferred Stock (the "Series A Conversion Price") shall initially be Twenty-five Cents (\$0.25) per share. The price at which shares of Common Stock shall be deliverable upon conversion of the Series B Preferred Stock (the "Series B Conversion Price") shall initially be Fifty Cents (\$0.50) per share. The price at which shares of Common Stock shall be deliverable upon conversion of the Series C Preferred Stock (the "Series C Conversion Price") shall

initially be One Dollar (\$1.00) per share. The Series A Conversion Price, Series B Conversion Price and the Series C Conversion Price are referred to collectively as the "Conversion Price." The initial Conversion Price shall be subject to adjustment as hereinafter provided.

(b) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the then effective Conversion Price upon (i) the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Act"), covering the offer and sale of Common Stock for the account of the Corporation to the public at an aggregate offering price of not less than Fifteen Million Dollars (\$15,000,000) and a per share price to the public of not less than Two Dollars Fifty Cents (\$2.50), or (ii) the date specified by written agreements of at least Sixty Six and Two Thirds (66 2/3%) percent of the Preferred Stock then outstanding. In the event of the automatic conversion of the Preferred Stock upon a public offering as aforesaid, the person(s) entitled to receive the Common Stock issuable upon such conversion of Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(c) Mechanics of Conversion. No fractional shares of Common Stock shall be issued upon conversion of Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then effective fair value of Common Stock. Before any holder of Preferred Stock shall be entitled to convert the same into full shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred Stock, and shall give written notice to the Corporation at such office that he elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common Stock. Except as set forth in Section 4(a) above, such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. If the conversion is in connection with an underwritten offer of securities registered pursuant to the Act, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriter of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Adjustments to Conversion Price.

(i) Adjustments for Subdivisions, Combinations or Consolidation of Common Stock. In the event the outstanding shares of Common Stock shall be subdivided (by stock split or otherwise), into a greater number of shares of Common Stock, the Conversion Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Conversion Price

then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(ii) Adjustments for Other Distributions. In the event the Corporation at any time or from time to time makes, or fixes a record date for the determination of holders of Common Stock entitled to receive any distribution payable in securities of the Corporation, then and in each such event provision shall be made so that the holders of Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation which they would have received had their Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 4 with respect to the rights of the holders of the Preferred Stock.

(iii) Adjustments for Reorganization Reclassification, Exchange and Substitution. If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock or other securities or property, whether by reorganization (unless such reorganization is deemed a Liquidation Event under Section 2(b) hereof), reclassification or otherwise (other than a subdivision or combination of shares provided for above), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted such that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of stock or other securities or property equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before such event; and, in any such case, appropriate adjustment shall be made in the application of the provisions herein set forth with respect to the rights and interest thereafter of the holders of the Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Preferred Stock.

(e) Adjustments to Conversion Price for Diluting Issues.

(i) Special Definitions. For purposes of this Section 4, the following definitions shall apply.

(1) "Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(2) "Original Issue Date" shall mean the date on which the first share of Series C Preferred was first issued.

(3) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities convertible into or exchangeable for Common Stock, but shall not include the Preferred Stock.

(4) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Section 4(e)(iv), deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable at any time:

(A) upon conversion of any series of Preferred Stock;

(B) up to Eight Million Five Hundred Thousand (8,500,000) shares of Common Stock to officers, directors and employees of, and consultants to, the Corporation to be designated and approved by the Board of Directors pursuant to the Corporation's 2006 Stock Option Plan (provided that any shares repurchased by the Corporation from employees, directors and consultants at cost pursuant to the terms of stock repurchase agreements approved by the Board of Directors shall not, unless reissued, be counted as issued for purposes of this calculation);

(C) as a dividend or distribution on any series of Preferred Stock or any event for which adjustment is made pursuant to Section 4(e)(v) hereof;

(D) by way of dividend or other distribution on shares of Common Stock excluded from the definition of Additional Shares of Common Stock by the foregoing clauses (A), (B), (C), or this clause (D) or on shares of Common Stock so excluded.

(ii) Separate Calculation for Each Series. The provisions of this Section 4(e) shall be applied separately to each series of Preferred Stock.

(iii) No Adjustment of Conversion Price. No adjustment in the Conversion Price of a particular share of Preferred Stock shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the Conversion Price in effect on the date of, and immediately prior to such issue, for such share of Preferred Stock.

(iv) Deemed Issue of Additional Shares of Common Stock.

(1) Options and Convertible Securities. Except as otherwise provided in Section 4(e)(i), in the event the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 4(e)(vi) hereof) of such Additional Shares of Common Stock would be less than the Conversion Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(A) no further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(B) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(C) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

i) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Corporation upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange, and

ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Corporation upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(D) no readjustment pursuant to clause (B) or (C) above shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price on the original adjustment date, or (ii) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date; and

(E) in the case of any Options which expire by their terms not more than Thirty (30) days after the date of issue thereof, no adjustment of the Conversion Price shall be made until the expiration or exercise of all such Options, except that such adjustment shall be made if shares of the Preferred are converted during such period.

(v) Adjustment of Conversion Price upon Issuance of Additional Shares of Common Stock. In the event this Corporation shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(e)(iv)) without consideration or for a consideration per share less than the Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued; and provided further that, for the purposes of this Section 4(e)(v), all shares of Common Stock, all shares of Common Stock issuable upon conversion of outstanding shares of the Preferred Stock and all Additional Shares of Common Stock deemed issued pursuant to Section 4(e)(i)(4) hereof also shall be deemed to be outstanding.

(vi) Determination of Consideration. For purposes of this Section 4(e), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation excluding amounts paid or payable for accrued interest or accrued dividends;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4(e)(iv)(1), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the

minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for the subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(f) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, 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 to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Preferred Stock against impairment.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate executed by the Corporation's President or Chief Financial Officer setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Stock.

(h) Notices of Record Date. In the event that this Corporation shall propose at any time:

(i) to declare any dividend or distribution upon its Common Stock shares, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(ii) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights;

(iii) to effect any reclassification or recapitalization of its Common Stock shares outstanding involving a change in the Common Stock shares; or

(iv) to merge or consolidate with or into any other Corporation, or sell, lease or convey all or substantially all its assets, or to liquidate, dissolve or wind up;

then, in connection with each such event, this Corporation shall send to the holders of the Preferred Stock shares:

(1) at least Twenty (20) days' prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock shares shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (iii) and (iv) above; and

(2) in the case of the matters referred to in (iii) and (iv) above, at least Twenty (20) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shares shall be entitled to exchange their Common Stock shares for securities or other property deliverable upon the occurrence of such event).

Each such written notice shall be delivered personally or given by first class mail, postage prepaid, addressed to the holders of Preferred Stock shares at the address for each such holder as shown on the books of this Corporation.

Section 5. Voting Rights.

(a) Vote Other Than for Directors. Except as otherwise required by law or as expressly provided herein, each share of Common Stock issued and outstanding shall have One (1) vote, and each share of Preferred Stock issued and outstanding shall have the number of votes equal to the number of Common Stock shares into which the Preferred Stock is convertible as adjusted from time of time pursuant to Section 4 hereof and shall have voting rights and powers equal to the voting rights and powers of the Common Stock, voting together with the Common Stock as a single class.

(b) Vote for Directors. The Board of Directors shall consist of Six (6) members. The holders of Common Stock voting as a separate class shall be entitled to elect One (1) director. The holders of Series A Preferred Stock voting as a separate class shall be entitled to elect One (1) director. The holders of Series B Preferred Stock voting as a separate class shall be entitled to elect One (1) director. The holders of Series C Preferred Stock voting as a separate class shall be entitled to elect Two (2) directors. The holders of Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock voting together as a single class shall be entitled to elect the remaining One (1) director. Any vacancy occurring because of the death, resignation or removal of the director elected by the Common Stock voting as a separate class may be filled by the vote of a majority of the Common Stock or by the action by written consent of a majority of the Common Stock, other than to fill a vacancy created by removal in which case such election by written consent shall require the unanimous approval of all shares entitled to vote for election of directors. Any vacancy arising because of the death, resignation or removal of the director elected by the Series A Preferred Stock voting as a separate class may be filled by the vote of a majority of the Series A Preferred Stock or by the action by written consent of a majority of the Series A Preferred Stock, other than to fill a vacancy created by removal in which case such election by written consent shall require the unanimous approval of all shares entitled to vote for election of directors. Any vacancy arising because of the death, resignation or removal of the director elected by the Series B Preferred Stock voting as a separate class may be filled by the vote of a majority of

the Series B Preferred Stock or by the written consent of a majority of the Series B Preferred Stock, other than to fill a vacancy created by removal in which case such election by written consent shall require the unanimous approval of all shares entitled to vote for election of directors. Any vacancy arising because of the death, resignation or removal of the director elected by the Series C Preferred Stock voting as a separate class may be filled by the vote of a majority of the Series C Preferred Stock or by the written consent of a majority of the Series C Preferred Stock, other than to fill a vacancy created by removal in which case such election by written consent shall require the unanimous approval of all shares entitled to vote for election of directors. Any vacancy occurring because of the death, resignation or removal of the director elected by the holders of Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock voting together as a single class may be filled by the vote of the holders of a majority of the Common Stock, the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, by the affirmative vote of the majority of the remaining directors, or by action by written consent of the holders of a majority of Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, other than to fill a vacancy created by removal in which case such election by written consent shall require the unanimous approval of all shares entitled to vote for election of directors. A director may be removed from the Board of Directors with or without cause by the vote or consent of the holders of the outstanding class or series with voting power entitled to elect him in accordance with the California General Corporation Law.

Section 6. Protective Provisions.

(a) In addition to any other rights provided by law, so long as any Preferred Stock shall be outstanding, this Corporation shall not, without first obtaining the affirmative vote or written consent of the holders of not less than two-thirds (2/3) of such outstanding shares of Preferred Stock voting together as a separate class:

(i) amend or repeal any provision of, or add any provision to, this Corporation's Articles of Incorporation or Bylaws if such action would adversely alter or change the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of, any Preferred Stock;

(ii) increase or decrease the authorized number of shares of any class or series of the Corporation's Common Stock or Preferred Stock;

(iii) authorize, designate, reclassify, amend or issue, or obligate the Corporation to do any of the foregoing with respect to, any class or series of equity security, including any security exercisable for or convertible into any equity security, which is or will be senior to or on parity with the Preferred Stock with respect to any rights, preferences, privileges or restrictions;

(iv) reclassify any shares of Common Stock and any other shares of this Corporation other than the shares of Preferred Stock into shares having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Preferred Stock;

(v) amend or waive any provisions of this Corporation's Articles of Incorporation or Bylaws relative to the Preferred Stock;

(vi) enter into, permit or agree to any transaction or series of transactions, which would involve a Liquidation Event as defined in section 2(b) hereof;

(vii) redeem, repurchase or acquire, directly or indirectly, any Corporation stock other than Common Stock issued to or held by officers, directors, employees or consultants providing services to the Corporation at the original purchase price per share upon the termination of such officers', directors', employees' or consultants' status as service providers of the Corporation pursuant to the Corporation's original purchase agreement with such persons;

(viii) increase or decrease the authorized size of the Corporation's Board of Directors; or

(ix) declare or take any action resulting in payment of dividends or distributions with respect to the Corporation's capital stock, other than the Preferred Stock and other than dividends payable solely in Common Stock, unless the holders of the Preferred Stock also receive such dividend or distribution;

(x) amend Section 5(b) hereof;

(xi) increase or decrease the number of shares of Common Stock (or options therefor) authorized to be issued to officers, directors and employees of, or consultants to the Corporation pursuant to a stock option plan or restricted stock plan or other agreements approved by the Board of Directors;

(xii) make any loans or advances to officers, directors, employees or consultants of the Corporation except (A) in the ordinary course of business in connection with compensation or expenses or (B) under full-recourse secured promissory notes for the purchase of the Corporation's stock on terms and conditions approved by the Board of Directors; or

(xiii) encumber Fifty Percent (50%) or more of the Corporation's assets.

Section 7. Status of Converted Shares of Preferred Stock. Any shares of Preferred Stock converted into shares of Common Stock shall not revert to the status of authorized and unissued shares of Preferred Stock of the same series as the converted shares, and may not thereafter be sold or reissued.

Section 8. Residual Rights. All rights accruing to the outstanding shares of this Corporation not expressly provided for to the Corporation herein shall be vested in the Common Stock.

V.

1. **Limitation of Directors' Liability.** The liability of the directors of this Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

2. Indemnification of Corporate Agents. This Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the Corporation and its shareholders.

3. Repeal or Modification. Any repeal or modification of the foregoing provisions of this Article V shall not adversely affect any right of indemnification or limitation of liability of any director, officer or other agent of this Corporation relating to acts or omissions occurring prior to such repeal or modification.

* * * *

3. The foregoing amendment and restatement of the Articles of Incorporation of the Corporation has been duly approved by the Board of Directors.

4. The foregoing amendment and restatement of the Articles of Incorporation of the Corporation has been duly approved by the required vote of the shareholders in accordance with Sections 902 and 903 of the Corporations Code. The authorized number of shares of Common Stock is 18,140,000 of which 6,284,542 shares are issued and outstanding, the authorized number of shares of Series A Preferred Stock is 2,360,000 of which 2,360,000 shares are issued and outstanding and the authorized number of shares of Series B Preferred Stock is 6,000,000 of which 6,000,000 shares are issued and outstanding. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50% of the Common Stock, voting together as a separate class, more than 50% of the Series A Preferred Stock voting as a separate class, and Series B Preferred Stock voting as a separate class.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in the foregoing Certificate are true and correct to my knowledge.

Dated: July 20, 2006



Chenmin Hu
Chief Executive Officer, President and
Secretary