

Consolidated Statements of Cash Flows

(In US dollars)

	Year ended December 31,		
	2004	2003	2002
Operating activities:			
Income (loss) attributable to holders of ordinary shares	\$70,905,406	\$(103,261,129)	\$(102,602,913)
Deemed dividends on preference shares	18,839,426	37,116,629	—
Net income (loss)	89,744,832	(66,144,500)	(102,602,913)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Gain on disposal of plant and equipment	(733,822)	(8,029)	—
(Reversal of) bad debt expense	990,692	(122,378)	236,851
Depreciation and amortization	456,960,522	233,904,866	84,536,761
Non-cash interest expense	—	795,279	176,091
Amortization of acquired intangible assets	14,368,025	3,461,977	990,000
Amortization of deferred stock compensation	27,011,078	11,439,514	3,896,927
Stock compensation from Series C convertible preference shares	—	2,707,201	—
Changes in operating assets and liabilities:			
Accounts receivable	(79,640,462)	(70,306,024)	(20,346,966)
Inventories	(74,093,973)	(30,097,945)	(35,076,935)
Prepaid expense and other current assets	2,551,664	(8,868,710)	(4,030,763)
Accounts payable	49,235,998	18,752,474	19,676,776
Income tax payable	152,000	—	—
Accrued expenses and other current liabilities	32,115,883	18,756,638	3,742,295
Net cash provided by (used in) operating activities	518,662,437	114,270,363	(48,801,876)
Investing activities:			
Purchase of plant and equipment	(1,838,773,389)	(453,097,184)	(761,704,038)
Purchase of acquired intangible assets	(7,307,996)	(3,585,000)	(11,860,000)
Purchase of short-term investments	(66,224,919)	(23,985,420)	(27,580,266)
Sale (purchase) of investments held to maturity	3,004,297	(3,004,724)	—
Sale of short-term investments	72,957,324	24,556,329	—
Proceeds received from sale of assets held for sale	8,215,128	4,562,934	—
Proceeds from disposal of plant and equipment	1,343,003	54,613	—
Decrease in restricted cash	—	—	50,000,000
Net cash used in investing activities	(1,826,786,552)	(454,498,452)	(751,144,304)

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Financing activities:			
Proceeds from short-term borrowings	91,000,000	30,000,000	3,624,597
Repayment of short-term borrowings	—	(33,624,597)	(102,973,518)
Repayment of note payable to stockholder for land use rights	(12,778,797)	(23,981,957)	—
Proceeds from long-term debt	256,487,871	88,733,767	391,226,808
Repayment of redeemable convertible promissory note	(15,000,000)	—	—
Proceeds from issuance of Series A convertible preference shares	—	—	15,000,000
Proceeds from issuance of Series A-2 convertible preference shares	—	—	50,000,140
Proceeds from exercise of Series A convertible preference share options	—	—	25,000,000
Proceeds from issuance of Series C convertible preference shares	—	530,216,072	—
Proceeds from issuance of Series D convertible preference shares	30,000,000	—	—
Proceeds from issuance of ordinary shares from initial public offering	1,016,859,151	—	—
Collection of subscription receivables, net	105,420,031	107,009,969	357,549,172
Proceeds from exercise of employee stock options	681,339	2,634,442	4,188,531
Collection of notes receivables from employees	35,245,774	—	—
Change in deposits received from stockholders	(38,151,407)	(7,491,144)	(30,690,470)
Net cash provided by financing activities	1,469,763,962	693,496,552	712,925,260
Effect of exchange rate changes	256,389	143,570	(35,147)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	161,896,236	353,412,033	(87,056,067)
CASH AND CASH EQUIVALENTS, beginning of year	445,276,334	91,864,301	178,920,368
CASH AND CASH EQUIVALENTS, end of year	\$607,172,570	\$445,276,334	\$91,864,301
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Income taxes paid	\$34,044	\$8,379	\$2,500
Interest paid	\$20,104,223	\$14,732,932	\$7,291,168

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SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Series A convertible preference shares issued to investors for subscription receivable	\$—	\$—	\$95,500,000
Series B convertible preference shares issued in exchange for research and development technology	\$—	\$—	\$990,000
Redeemable convertible promissory note issued in exchange for equipment and intangible assets	\$—	\$—	\$15,000,000
Series C convertible preference shares issued to investors for subscription receivable	\$—	\$105,000,000	\$—
Issuance of Series C convertible preference share warrants	\$—	\$35,645,570	\$—
Note payable waived by stockholder in exchange for land use rights	\$(14,239,246)	\$—	\$—
Series D convertible preference shares issued to acquire assets and assume liabilities from Motorola and MCEL	\$278,180,024	\$25,000,000	\$—
Issuance of Series D convertible preference share warrants	\$27,663,780	\$2,064,419	\$—
Deemed dividends on Series C and Series D convertible preference shares	\$18,839,426	\$37,116,629	\$—
Series D convertible preference shares issued in exchange for certain software licenses	\$5,060,256	\$—	\$—
Series B convertible preference shares issued in exchange for acquired intangible assets	\$2,739,853	\$—	\$2,887,500
Series B convertible preference shares issued to a service provider	\$45,090	\$—	\$—
Conversion of preference shares into ordinary shares upon initial public offering	\$5,971,115	\$—	\$—
Ordinary shares and warrants issued to a service provider	\$(79,590)	\$—	\$—
Ordinary shares issued in exchange for equipment	\$5,222,180	\$—	\$—
Deferred stock compensation	\$10,595,079	\$19,739,483	\$16,157,784
Ordinary and preference shares issued in exchange for employee note receivable	\$(388,924)	\$(968,535)	\$29,101,441

The accompanying notes are an integral part of these consolidated financial statements.