

Consolidated Statements of Cash Flows

(In US dollars, except share data)

	2006	Year ended December 31,	
		2005 (As Restated, see Note 31)	2004 (As Restated, see Note 31)
Operating activities:			
(Loss) income attributable to holders of ordinary shares	\$ (44,109,078)	\$ (114,774,827)	\$ 77,363,770
Less: Cumulative effect of a change in accounting principle	(5,153,986)	–	–
Add: Deemed dividends on preference shares	–	–	18,839,426
Net (loss) income	(49,263,064)	(114,774,827)	96,203,196
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Minority interest	18,803	(251,017)	–
Gain on disposal of plant and equipment	(43,121,929)	(3,001,881)	(733,822)
Depreciation and amortization	919,616,493	769,471,853	456,960,522
Non-cash interest expense on promissory note and long-term payable relating to license agreements	5,702,607	5,395,177	–
Amortization of acquired intangible assets	24,393,561	20,946,051	14,368,025
Share-based compensation	23,506,847	25,735,849	27,011,078
Loss from equity investment	4,201,247	1,379,110	–
Changes in operating assets and liabilities:			
Accounts receivable, net	(10,851,061)	(72,145,627)	(78,649,770)
Inventories	(83,941,316)	(47,219,784)	(74,093,973)
Prepaid expense and other current assets	(8,926,442)	(5,172,942)	2,551,664
Accounts payable	24,705,615	26,425,817	49,235,998
Accrued expenses and other current liabilities	(14,722,249)	41,469,028	25,657,519
Income tax payable	72,417	(152,000)	152,000
Other long term liabilities	3,333,333	–	–
Deferred tax assets	(25,286,900)	–	–
Deferred tax liabilities	210,913	–	–
Net cash provided by operating activities	769,648,875	648,104,807	518,662,437
Investing activities:			
Purchase of plant and equipment	(882,580,833)	(872,519,397)	(1,838,773,389)
Proceeds from government grant to purchase plant and equipment	2,208,758	18,538,886	–
Proceeds from disposal of plant and equipment	4,044,702	11,750,109	1,343,003
Proceeds received from sale of assets held for sale	12,716,742	6,434,115	8,215,128
Purchase of acquired intangible assets	(9,573,524)	(11,167,883)	(7,307,996)
Purchase of short-term investments	(135,058,817)	(19,817,525)	(66,224,919)
Purchase of equity investment	–	(19,200,000)	–
Sale of investments held to maturity	–	–	3,004,297
Sale of short-term investments	90,873,820	26,329,298	72,957,324
Net cash used in investing activities	(917,369,152)	(859,652,397)	(1,826,786,552)

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Financing activities:			
Proceeds from short-term borrowings	255,003,999	394,158,994	91,000,000
Repayment of short-term borrowings	(449,485,081)	(219,677,912)	–
Repayment of note payable to stockholder for land use rights	–	–	(12,778,797)
Proceeds from long-term debt	785,344,546	253,432,612	256,487,871
Repayment of long-term debt	(635,613,638)	(249,244,093)	–
Repayment of promissory note	(30,000,000)	(30,000,000)	(15,000,000)
Payment of loan initiation fee	(3,596,938)	–	–
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
Proceeds from exercise of employee stock options	3,907,118	2,303,151	681,339
Collection of notes receivables from employees	–	391,376	35,245,774
Change in deposits received from stockholders	–	–	(38,151,407)
Proceeds from minority investor (note 1)	–	39,000,025	–
Net cash (used in) provided by financing activities	(74,439,994)	190,364,153	1,469,763,962
Effect of exchange rate changes	(16,885)	(192,246)	256,389
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(222,177,156)	(21,375,683)	161,896,236
CASH AND CASH EQUIVALENTS, beginning of year	585,796,887	607,172,570	445,276,334
CASH AND CASH EQUIVALENTS, end of year	\$ 363,619,731	\$ 585,796,887	\$ 607,172,570
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Income taxes paid	\$ 164,409	\$ 436,867	\$ 34,044
Interest paid	\$ 46,808,533	\$ 47,113,456	\$ 20,104,223

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SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
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
Issuance of Series D convertible preference share warrants	\$ -	\$ -	\$ 27,663,780
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
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
Ordinary and preference shares issued in exchange for employee note receivable	\$ -	\$ -	\$ (388,924)
Inception of accounts payable for plant and equipment	\$ (165,828,795)	\$ (143,723,643)	\$ (272,164,643)
Issuance of promissory note for acquired intangible assets	\$ -	\$ (132,496,437)	\$ -
Inception of long-term payable for acquired intangible assets	\$ (16,992,950)	\$ (24,686,398)	\$ -
Inception of other receivable for sales of manufacturing equipment	\$ 70,544,560	\$ 5,490,000	\$ -

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