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AsiaInfo Reports First Quarter Results

Net Revenue Increases 160%, Software Revenue Increases 205%

Company Beats Expectations in a Historically Slow Quarter

BEIJING/SANTA CLARA —April 16, 2001 - AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of software products and infrastructure solutions for next generation network operators in China, today announced its first quarter results for the period ended March 31, 2001.

The company reported first quarter 2001 net revenue (revenue net of hardware costs) of US\$14.2 million, representing a 160 percent increase over net revenue of US\$5.5 million in the comparable first quarter of 2000. The company's operating loss further decreased to US\$24,000. EBITDA was US\$ 1.1 million in the first quarter of 2001, representing a sequential increase of 420 percent over EBITDA of US\$ 0.2 million in the fourth quarter of 2000. Net income was US\$1.4 million, or \$0.03 per basic share, a significant improvement over the loss of US\$4.7 million, or negative \$0.16 per basic share in the first quarter of 2000 and a 35 percent sequential increase over last quarter's net income of US\$1.0 million. Net Revenue backlog at the end of the quarter was US\$44 million, providing clear revenue visibility into the next two quarters.

First quarter 2001 software revenue was US\$5.5 million, representing a 205 percent increase over US\$1.8 million in the same quarter of 2000. Reflecting the increasing contribution to the overall business, software revenue represented 39 percent of total net revenue in the first quarter of 2001, compared to 33 percent of total net revenue in the first quarter of 2000. The strong growth in software revenue resulted from the continued expansion of telecom service user capacity in China, the company's expansion into the international software market and the success of its strategy of leveraging its network solutions customer base to grow its software business.

Gross revenue for the first quarter of 2001 was US\$35.8 million, representing an increase

of 56 percent over gross revenue of US\$22.9 million in the same period of 2000. Gross profit for the first quarter of 2001 was US\$11.3 million, representing a 324 percent increase over the first quarter of 2000. The increase in gross profit, gross margin and EBITDA is a direct result of the continued growth in high-margin software revenue, increased contribution from high-end network solutions services and continued control of operating expenses.

James Ding, chief executive officer and president of AsiaInfo commented, "These strong results in a historically slow quarter for the company demonstrate the success of our strategy, the continued growth of the China market and solid execution from our management team. With the achievement of several milestones during the quarter, we continue to deliver on our promises to investors on or ahead of schedule. We are particularly pleased to have realized these accomplishments during a global economic slowdown. Given our strong order pipeline and continued demand for our products and services, we are fully confident that we will achieve our next significant milestone on schedule and reach operating profitability in the second quarter of 2001."

First Quarter Highlights

New Customer Wins

During the first quarter, AsiaInfo won a US\$4.7 million contract with Shandong Telecom to provide software and services for its third expansion project. The contract demonstrates AsiaInfo's international competitiveness as the company was chosen to replace an international rival and incumbent software provider to Shandong Telecom.

In partnership with its Taiwan-based reseller, Compaq Taiwan, AsiaInfo signed its first contract outside of mainland China to provide Taiwan telecom carrier, New Century InfoComm, with AsiaInfo's Internet messaging software (AIMC). The success of the company's international reseller program validates the competitiveness of AsiaInfo's products and marks a significant milestone for the company, paving the way for future growth.

Additionally, AsiaInfo signed a contract with Sichuan Mobile, a provincial subsidiary of China Mobile, to provide AsiaInfo's General Packet Radio Services (GPRS) billing software as part of its new convergent billing software offering.

New Contracts with Existing Customers

Sales to existing AsiaInfo customers continued to increase in the first quarter, providing evidence of the success of AsiaInfo's strategy of enhancing existing customer relationships by providing more advanced solutions and products. Contracts signed with existing customers during the first quarter included:

- A US\$1.4 million contract to provide Shanghai Online with a full array of high-end network services including network security services, software professional services and network solutions services
- A US\$5.4 million contract with Hebei Telecom to provide a full range of software products including messaging, billing and new network management software
- A contract worth more than US\$1 million with Beijing Telecom to provide network management software and solutions for the metropolitan carrier's broadband network project
- A US\$50 million network solutions contract with China Unicom to further expand its Voice over IP network to cover 328 cities throughout the country.

Ding commented, "We continue to improve the quality of our revenue. An increasing percentage of our contracts are for high-end services and software, thus contributing to the improvement in our bottom line. We remain focused on growing this portion of our business and are pleased with the strong demand for these products and services as China's telecommunications market matures."

New Expansion Strategy

Summarizing AsiaInfo's strategy for addressing new developments in China's telecom market, Ding stated, "The deregulation of China's telecommunications market coupled with a global trend towards convergent communications has led to increased competition amongst China's telecom carriers to build and support a more sophisticated multi-service, broadband and IP-centric network infrastructure. AsiaInfo anticipated this trend over three years ago, and is now successfully positioned to meet these emerging needs. Today we are not only continuing to develop China's existing Internet infrastructure market but are also moving into providing more advanced convergent management solutions to next generation network operators."

New Software Products and Solutions

To meet increasingly sophisticated customer needs, AsiaInfo has launched two new software products during the quarter:

- Convergent Billing System Software (AICBS) provides telecom carriers with the ability to apply a single billing system across multiple telecom services including wireless, voice, Internet, satellite and short messaging services (SMS).
- AISerBase is a service-oriented network management software that provides network operators with functions such as network monitoring and optimization to improve multi-service offerings and quality assurance.

These new software products enable AsiaInfo to expand its product offering and provide a full set of business and operational support solutions to help next generation network operators to manage complex infrastructures. AsiaInfo will continue to work closely with its customers to address more sophisticated needs, particularly in the areas of multi-

service backbone infrastructure and multi-service broadband access network infrastructure.

Management Recognition

In the first quarter of 2001, AsiaInfo and its executive management received several awards recognizing the strength of the management team and the international caliber of the company.

- Ying Han, AsiaInfo's chief financial officer, received top honors from *CFO Asia Magazine* in its *2001 Best Practices Awards* for her leadership in Raising Capital and received an honorable mention for Managing Finances for a Small to Medium Enterprise.
- James Ding, AsiaInfo's chief executive officer, will be presenting as an authority on the China market and next generation communication technology at two of the highest profile conferences in Asia - the World Economic Forum in Beijing and the FORTUNE Global Forum in Hong Kong.

Ding concluded, AsiaInfo remains extremely well positioned as we carry our strong momentum into 2001. Our business is rapidly maturing as we offer more high-end software, services and solutions; explore new growth opportunities outside of mainland China and capitalize on the growth of China's next generation convergent telecom market.

Business Outlook

The following outlook statements are based on current expectations. These statements are forward looking and actual results may differ materially.

Second Quarter 2001 Guidance

The company expects net revenue for the second quarter of 2001 to be between US\$ 16.0 —16.5 million, representing a year-over-year growth rate of 36 —41 percent. Software revenue will increase at a year-over-year growth rate of approximately 45 —50 percent to reach US\$ 6.4 —6.7 million.

Due to a substantial network solutions contract, hardware pass-through costs will be heavily dependent on the equipment delivery schedule. Hardware pass-through revenue to be recognized from this particular project during the second quarter is expected to be between US\$20 —40 million. Therefore, gross revenue is expected to be in the range of US\$35 -55 million. Any shift in timing of gross revenue will not impact net revenue or net profit in the second quarter of 2001.

Sales and marketing expenses are expected to increase approximately 15 —20 percent year over year, in line with previously announced annual projections. Research and development expenses are expected to increase approximately 40 percent over the same

period of 2000, reflecting the company's ongoing development of new software products and solutions. General and administration expenses are expected to decrease sequentially.

Operating profit for the quarter is expected to be approximately US\$0.5 —1.0 million.

Due to lower interest rates, interest income for the second quarter is expected to decrease sequentially. Earnings per share is expected to be approximately US\$0.03—0.04 per share.

First Quarter Conference Call

AsiaInfo will host a conference call to discuss its first quarter results at 7:00pm EST/4:00pm PST today (Beijing Time: April 17th, 2001 at 7:00am). The dial-in number for the call is 973-633-6740. A replay will be available by dialing 877-519-4471 for US callers or 973-341-3080 for international callers with a PIN of 2471321 between 4:00pm PDT on April 16, 2001 until 4:00pm PDT on April 23, 2001. Additionally, the conference call will be broadcast via the Internet and can be accessed from the investor relations section of AsiaInfo's corporate Web site at the address shown below.

About AsiaInfo Holdings, Inc.

AsiaInfo Holdings, Inc. (Nasdaq: ASIA) is a leading provider of software products and infrastructure solutions for next generation network operators in China. The company offers telecommunications service providers total network solutions for their Internet infrastructure requirements and develops proprietary software for Internet service providers, Internet content providers and telecommunications service providers.

The company's customer management and billing software products meet the complex, mission-critical provisioning, accounting, reporting and marketing needs of Internet and telecommunications service providers. The company also offers carrier-scale messaging products to Internet service providers and Internet content providers.

Since it moved its operations from the US to China in 1995, AsiaInfo has served as a chief architect of the country's Internet infrastructure, crafting the Internet backbones for all the major national carriers including China Telecom, China Unicom, China Netcom and China Mobile. For more information about AsiaInfo, please visit www.asiainfo.com

The statements in this news release contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ from anticipated results. Further information on risk factors that could affect AsiaInfo's results of operation are detailed in AsiaInfo's registration statement, as filed with the Securities and Exchange Commission. A copy of the registration statement, including exhibits, may be reviewed at the Commission's public reference room at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The registration statement and other company filings can also be reviewed by accessing the Commission's Internet site at <http://www.sec.gov>, which contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission.

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands of US\$)

	Mar 31, 2001	Quarters Ended Mar 31, 2000
Revenues:		
Network solutions	30,307	21,099
Software license	5,472	1,793
Total revenues	35,779	22,892
Cost of revenues:		
Network solutions	24,501	20,214
Software license	0	2
Total cost of revenues	24,501	20,216
Gross Profit	11,278	2,676
Gross Margin	32%	12%
Operating expenses:		
Sales and marketing	5,627	3,451
General and administrative	3,606	2,371
Research and development	1,632	1,096
Amortization of deferred stock compensation	437	699
Total operating expenses	11,302	7,617
(Loss) income from operations	(24)	(4,941)
Other income (expenses):		
Interest income	2,386	533
Interest expense	(327)	(269)
Other income, net	(7)	82
Total other income, net	2,052	346
Income before income taxes and minority interests	2,028	(4,595)
Income tax	471	43
Minority interests	(178)	
Equity in loss of affiliate		
Net (loss) income	1,379	(4,638)
Net (loss) income per share		
Basic	0.03	(0.16)
Diluted	0.03	(0.16)
Shares used in computation		
Basic	40,967,627	28,821,413
Diluted	44,148,897	28,821,413
Segment information		
Network solutions net of hardware cost	8,734	3,678
Software license	5,472	1,793
Consolidated revenues net of hardware cost	14,206	5,471
Consolidated cost of sales net of hardware cost	2,928	2,795
Consolidated gross margin	11,278	2,676

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In US\$)

	Mar 31, 2001	Dec 31, 2000
ASSETS		
Current Assets:		
Cash and cash equivalents	27,964,354	48,833,956
Restricted cash	28,478,628	26,733,179
Short term investment	129,900,507	110,400,000
Accounts receivable, trade (net of allowance for doubtful accounts of \$545,013 and \$445,851 at December 31, 2000 and March 31, 2001 respectively)	45,430,160	55,597,496
Inventories	260,553	8,876,010
Other current assets	5,384,837	3,749,255
Total current assets	237,419,039	254,189,896
Property, plant, and equipment-net	6,657,291	6,339,751
Other assets	3,239,369	3,473,417
Total assets	247,315,699	264,003,064
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans	23,435,896	20,644,834
Accounts payable	31,738,876	42,037,151
Accrued employee benefit	7,894,162	10,019,624
Taxes payable	2,679,364	2,216,823
Deferred Revenue	4,138,510	12,501,524
Other current liabilities	6,073,056	7,785,694
Total current liabilities	75,959,864	95,205,650
Minority interest	366,291	188,044
Stockholders' Equity:		
Common stock, 50,000,000 shares authorized; \$0.01 par value, shares issued and outstanding : December 31, 2000 40,822,940; March 31 ,2001 41,059,077	410,591	408,229
Additional paid-in capital	175,934,281	175,370,544
Deferred stock compensation	(1,218,686)	(1,655,821)
Retained earnings (accumulated deficit)	(4,151,219)	(5,530,601)
Accumulated other comprehensive income (loss)	14,577	17,019
Total stockholders' equity	170,989,539	168,609,370
Total Liabilities and Stockholders' Equity	247,315,699	264,003,064