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AsiaInfo Reports Strong Second Quarter Results

Software Revenue up 148% Sequentially; Net Income of \$0.01 a Share

Accelerated Growth Further Solidifies Company's Leading Market Position

SAN FRANCISCO, Calif. – July 25, 2000 - AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of total Internet infrastructure solutions and software products in China, today announced its second quarter results for the quarter ended June 30, 2000.

The company reported second quarter 2000 revenues net of hardware costs of US\$11.7 million, representing a 52% increase over net revenues of US\$7.6 million in the comparable second quarter of 1999 and a 114% sequential increase over the first quarter of 2000. Net income was \$0.01 per share for the second quarter of 2000, or US\$0.4 million compared to net income of \$0.03 per share on a pro forma basis, or US\$1.3 million in the same quarter of 1999. Net income increased 108% sequentially over last quarter's loss of US\$4.6 million, largely driven by robust software revenue growth and an increase in interest income generated from AsiaInfo's solid cash position.

The software revenue in the second quarter was US\$4.4 million, a 172% increase over US\$1.63 million in the same quarter of 1999 and a 148% sequential growth over US\$1.8 million in the quarter ended March 31, 2000. Software revenue represented 38% of total net revenues after hardware cost, compared to 21% of total net revenue in the second quarter of 1999.

Gross revenues for the second quarter of 2000 were US\$51.1 million, representing an increase of 161% over gross revenues of US\$19.5 million in the same period in 1999 and a sequential growth rate of 122% over the first quarter of 2000. As gross revenue

includes the cost of hardware equipment for Internet backbone construction projects that is passed on to the customer, gross revenue will fluctuate with the timing of equipment delivery. Hence, the increase in gross revenue and the corresponding lower gross margins in network solutions during the second quarter are largely attributable to the high hardware pass through costs related to the China Unicom backbone construction project.

“Our solid performance this quarter demonstrates our continued success in executing on our proven growth strategy in the very fast growing Chinese Internet infrastructure market,” said James Ding, Chief Executive Officer of AsiaInfo Holdings Inc. “The strong results in our software business further validates our ability to leverage our network solutions projects, strategically positioning us to meet the future software needs of our customers.”

Ding continued, “While we delivered a strong quarter, we believe that there is tremendous opportunity to expand our business into new areas of strategic importance, such as an application service provider model. In order to capitalize on this growth opportunity, we will accelerate our investment in the ASP model in the third and fourth quarters of this year. As a result, we expect to incur losses for the latter half of 2000 due to this new investment. We remain confident that we will achieve profitability by the second half of 2001.”

Quarterly Highlights

Software Contract Wins

During the quarter, AsiaInfo had significant billing software (AIOBS) contract wins from Zhejiang Telecom and Shandong Telecom, two of the largest provincial telecom carriers in the China Telecom group. AsiaInfo also expanded its partnership with one of the largest Internet carriers, China NetCom (CNC), to include a user-license based contract for its voice over IP (VoIP) customer care and billing software.

“Our continued success in capturing the business of major telecom carriers further demonstrates our undisputed leadership position in the Internet billing software market in China,” commented Ding. “We have successfully established ourselves as the leading provider of IP billing software for all the largest telecom carriers in China, including China Telecom, China Unicom, China Mobile, China Netcom and others.”

Additional customer care and billing contract wins came from new market players such as Shenzhen Xiang Long Communication Co, Ltd. In total, AsiaInfo sold 1.125 million licenses for its customer care and billing software during the second quarter.

During the second quarter, AsiaInfo announced three new contract wins for its messaging software, AIMC. 8848.net, China's largest e-commerce portal, People's Daily Online, one of China's biggest news web sites and Xin Hua News Agency, China's largest news and information gathering and distribution center have all signed on for installation of the software. AIMC licenses sold to these three parties will provide more than 2.5 million free mailboxes. Additionally, AsiaInfo sold one million software licenses to FM365.com,

a popular web portal operated by Legend Holdings. In total, AsiaInfo sold 5.5 million messaging software licenses during the second quarter. This tremendous momentum in AsiaInfo's software business helped drive software revenues for the quarter up 148% sequentially.

Strategic Alliances

AsiaInfo and Redback Networks (Nasdaq: RBAK) announced a strategic alliance to speed and simplify the rollout of broadband services throughout China. Through this agreement, AsiaInfo will integrate its customer management and billing software with Redback's Subscriber Management System to provide a comprehensive broadband solution to ISPs, carriers and cable operators in China.

Additionally, AsiaInfo announced the successful integration of AsiaInfo's billing software for IP telephony with Huawei Technologies' network access gateway. The bundling of these two products will provide an end-to-end solution for IP Telephony service providers as well as value added VoIP services to the growing Internet market in China.

Application Service Provider Model

AsiaInfo will continue to expand its software business strategy in the third quarter by moving to an application service provider (ASP) model, where it would install its software on local Internet data centers to provide its service on a hosted basis.

“Our ASP strategy fully leverages our existing software products without heavy up-front investment, limiting our downside risk while increasing the potential for higher recurring revenues with this highly scalable new business model,” said James Ding. “We are currently completing our market study and entering the initial launch phase for the new services.”

James Ding summarized, “We are extremely excited to see the investment in Internet infrastructure rapidly increasing from both existing and new players in the China Internet market. We firmly believe that AsiaInfo will continue to be the primary beneficiary of China's Internet infrastructure build-out.”

About AsiaInfo Holdings, Inc.

AsiaInfo Holdings, Inc. (Nasdaq: ASIA) is a leading provider of Internet infrastructure, total solutions and software in China, one of the world's fastest growing Internet markets. The company offers telecommunications service providers in China total network solutions for their Internet infrastructure requirements and develops proprietary software for Internet service providers, Internet content providers and telecommunications service providers. AsiaInfo develops, markets and supports real time, scalable and adaptable proprietary Internet software solutions tailored to meet the needs of clients in China. For more information about AsiaInfo, please visit <http://www.asiainfo.com>

Second Quarter 2000 Conference Call

AsiaInfo will host a conference call to discuss second quarter earnings at 8:00 a.m. EDT on Tuesday, July 25, 2000. To participate on the call, please dial 973-628-6885. A replay of the call will be available until August 1st by dialing 877-318-5458. 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 above.

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\$)

	Three Months Ended Jun 30,		Six Months Ended Jun 30,	
	2000	1999	2000	1999
Revenues:				
Network solutions	46,649	17,921	67,748	21,820
Software license	4,442	1,625	6,235	2,973
Total revenues	51,091	19,546	73,983	24,794
Cost of revenues:				
Network solutions	43,099	13,869	63,313	17,313
Software license	1	0	3	1
Total cost of revenues	43,100	13,869	63,316	17,314
Gross margin	7,991	5,677	10,667	7,480
GP Ratio	16%	29%	14%	30%
Operating expenses:				
Sales and marketing	4,138	1,426	7,589	2,521
General and administrative	3,403	1,842	5,774	3,593
Research and development	1,594	679	2,690	1,098
Amortization of deferred stock compensation	586	373	1,285	962
Total operating expenses	9,720	4,320	17,337	8,174
(Loss) income from operations	(1,729)	1,357	(6,670)	(694)
Other income (expenses):				

Interest income	2,687	138	3,221	295
Interest expense	(341)	(159)	(610)	(269)
Other income, net	(288)	(9)	(207)	174
Total other income, net	2,058	(30)	2,404	200
Income before income taxes and minority interests	329	1,327	(4,266)	(494)
Income tax	(105)	106	(61)	176
Minority interests	0	31	0	63
Net (loss) income	434	1,252	(4,205)	(607)
Net (loss) income per share				
Basic	0.01	0.09	(0.12)	(0.04)
Diluted	0.01	0.04	(0.12)	(0.04)
Shares used in computation				
Basic	39,738,567	14,096,435	34,279,990	13,889,839
Diluted	47,020,308	33,446,190	34,279,990	13,889,839
Segment information				
Network solutions net of hardware cost	7,294	6,037	10,972	7,763
Software license	4,442	1,625	6,235	2,973
Consolidated revenues net of hardware cost	11,736	7,663	17,207	10,736
Consolidated cost of sales net of hardware cost	3,745	1,985	6,540	3,256
Consolidated gross margin	7,991	5,677	10,667	7,480

ASIAINFO HOLDINGS, INC.		
CONDENSED CONSOLIDATED BALANCE SHEETS		
(In US\$)		
	Jun 30, 2000	Dec 31, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	30,323,579	25,403,884
Restricted cash	26,169,421	12,189,794
Short term investment	98,691,500	
Accounts receivable, trade (net of allowance for doubtful accounts of \$640,269 and \$252,769 at Dec 31, 1999 and Jun 30, 2000 respectively)	60,342,488	21,928,036
Inventories	14,492,631	2,908,426
Other current assets	3,210,779	2,342,433
Total current assets	233,230,398	64,772,573

Property, plant, and equipment-net	4,030,959	2,183,545
Other assets	3,986,669	4,470,861
Total assets	241,248,026	71,426,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans	17,625,030	9,698,882
Accounts payable	43,418,120	11,867,188
Accrued employee benefit	8,075,218	4,810,650
Taxes payable	1,861,654	2,475,505
Deferred Revenue	3,061,655	495,470
Other current liabilities	2,896,194	2,291,113
Total current liabilities	76,937,871	31,638,808
Stockholders' Equity:		
Convertible preferred stock:		
Series A: 3,000,000 shares authorized; \$0.01 par value; 2,160,864 shares issued and outstanding at December 31,1999;0 at June 30,2000	0	21,609
Series B: 5,000,000 shares authorized at Dec 31, 1999; \$0.01 par value; 2,630,425 shares issued and outstanding at December 31,1999;0 at June 30,2000	0	26,304
Common stock, 50,000,000 shares authorized; \$0.01 par value, shares issued and outstanding :1999, 25,532,144; June 30, 2000 39,812,780	398,128	255,321
Additional paid-in capital	173,444,303	46,118,424
Deferred stock compensation	(2,580,767)	(3,865,373)
Retained earnings (accumulated deficit)	(6,969,642)	(2,764,854)
Accumulated other comprehensive income (loss)	18,133	(3,260)
Total stockholders' equity	164,310,155	39,788,171
Total Liabilities and Stockholders' Equity	241,248,026	71,426,979