

AsiaInfo's Operating Profit Doubles Sequentially to US\$3.5 Million

Company raises 2001 Earnings Guidance

BEIJING/SANTA CLARA - October 23, 2001 - AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of telecom network integration and software solutions in China, today announced its third quarter results for the period ended September 30, 2001.

AsiaInfo's third quarter net revenue (revenue net of hardware costs) grew to US\$20.1 million, representing a 51.5 percent increase over net revenue of US\$13.3 million in the comparable quarter of 2000, and a 18.3 percent increase over last quarter's net revenue. Gross profit was US\$15.5 million, a 58.7 percent increase over the same period last year, representing a gross margin (as a percentage of net revenue) of 77.1 percent. Third quarter gross revenue was US\$94.0 million. As of the end of the third quarter, net revenue backlog was US\$46.8 million, representing a 37.2 percent year-over-year growth rate, providing clear revenue visibility into the next two quarters.

AsiaInfo's third quarter operating profit grew to US\$3.5 million, a 99 percent sequential increase over the previous quarter's operating profit of US\$1.76 million and a significant improvement over third quarter 2000 operating loss of US\$1.6 million. AsiaInfo's operating margin (as a percentage of net revenue) grew from 10.3 percent in the second quarter of 2001 to 17.4 percent in the third quarter of 2001, representing a significant increase in profitability. Third quarter net income increased to US\$3.5 million, or US\$0.08 per basic share, representing a 748 percent improvement over net income of US\$0.4 million in the third quarter of 2000.

As announced last quarter, AsiaInfo now discloses total software revenue, a combination of software license revenue and software service revenue, to more accurately reflect the revenues generated by its two strategic business units. As such, third quarter 2001 software revenue was US\$7.7 million, representing a 46.9 percent increase over the US\$5.2 million in the same quarter of 2000. Total software revenue represented 38.3 percent of total net revenue in the third quarter of 2001. Third quarter software license revenue was US\$6.5 million, representing a 32.6 percent increase over US\$4.9 million in the same quarter of 2000.

Third quarter operating expenses increased only 5.5 percent over third quarter operating expenses of 2000, demonstrating the company's increased operating efficiency, directly contributing to this quarter's significant growth in profitability.

James Ding, chief executive officer and president of AsiaInfo commented, "We continue to execute on our business strategy as planned, having significantly raised our operating profitability as we increasingly shift our focus towards high-end software and services. Furthermore, we do not expect to be affected by the current worldwide business environment, as the China market continues its steady growth."

Third Quarter Market Highlights

The development of China's telecom sector is being driven by two primary factors:

- 1- The growing demand for data and voice telecom services in China
- 2- The need for high-end solutions to manage the rapidly developing network infrastructure

China's telecom market is growing rapidly as user growth in both voice and data services remains strong. With current low penetration rates of 1.7 percent for data services, 12.6 percent for fixed-line services and 9 percent for wireless services, tremendous potential for further growth exists. In order to serve this growing demand and offer next-generation telecom services, China's carriers are rapidly expanding their national and provincial networks. Over the past few quarters, AsiaInfo has signed a significant number of software and service contracts with China's provincial carriers, showing particularly strong growth in software license expansion.

Secondly, in this increasingly competitive market, telecom carriers are turning to high-end solutions such as broadband, mobile data and Voice over IP services to improve profitability and differentiate themselves. Carriers are also investing in high quality operation support systems (OSS), including billing, customer care, order management and provisioning systems to improve their competitive position. As AsiaInfo meets these needs with its high-end products and solutions, including its operating support systems, billing software and Metro Area Network broadband management services, the company is strengthening its dominant position in these markets.

Contract Wins

As evidence of the increasing demand for value added services and expansion of provincial network capacity, AsiaInfo signed a number of new contracts during the third quarter. Highlights of these contracts include:

- Two contracts to support China Telecom by building broadband networks in Heilongjiang and Shandong provinces valued at more than US\$2 million
- A US\$4 million contract with China Telecom provincial subsidiary, Yunnan Telecom, to expand its provincial network capacity
- A first of its kind contract to build a billing system for China Unicom's CDMA network, through which AsiaInfo has secured the largest market share among all vendors
- Two contracts with China Netcom (CNC) to provide software products and network services to expand and enhance its data network infrastructure
- A contract to support Sichuan Telecom, a provincial subsidiary of China Telecom, by expanding its provincial network capacity and building its broadband network
- Contracts worth US\$5.2 million in total to provide integration services and AsiaInfo's flagship software products for China Mobile provincial data networks in Guizhou, Ningxia, Shaanxi and Sichuan provinces
- A contract to support Zhejiang Telecom, a provincial subsidiary of China Telecom, in constructing its broadband access network

Ding commented, "During the third quarter, China surpassed the United States to become the world's largest mobile market with 120 million subscribers. AsiaInfo is helping to expand China's exploding wireless market through continued wireless network expansion, existing and

new software products and high-end services for the wireless market. The recent selection by China Unicom to support more than 30% of its new CDMA network further solidifies AsiaInfo's leadership position in the wireless market."

Ding summarized the company's outlook, "China is now the single fastest growing economy in the world, and the telecom sector is poised to be a key benefactor of this growth. With our leading market share, top-notch technology, local expertise and strong customer relationships, we are confident that AsiaInfo will continue its strong growth."

Business Outlook

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

Fourth Quarter and Full-Year 2001 Guidance

The company is raising its full-year 2001 EPS guidance from US \$0.20-0.24 to US\$ 0.26 – 0.27 per basic share, exceeding the previously disclosed full-year guidance. As such, the net income for FY 2001 will reach US\$ 11.3 – 11.5 million.

Fourth quarter 2001 net income is expected to be US\$ 3.8 – 4.0 million, translating into earnings per basic share of US\$ 0.08 – 0.09. Fourth quarter operating profit is expected to be approximately US\$4.0 – 4.5 million, representing a sequential growth rate of 14 – 28 percent.

The company expects 2001 fourth quarter net revenue to be in the range of US\$19-20 million, representing a year-over-year growth rate of 35 - 42 percent. As such, the net revenue for FY 2001 is expected to be US\$ 70.4 - 71.4 million, representing a 58 – 60 percent year-over-year growth rate, and meeting the previously disclosed full-year net revenue guidance.

Q4 2001 total software revenue will increase at a year-over-year growth rate of approximately 5 - 14 percent to reach US\$6.0 – 6.5 million. As such, the software revenue for FY 2001 is expected to be US\$ 27.4 – 28 million, representing a 57 – 60 percent year-over-year growth rate.

Research and Development and General and Administration expenses will remain at the same level as in the third quarter. Sales and Marketing expenses will be lower than those in the third quarter.

Third Quarter Conference Call

AsiaInfo will host a conference call to discuss its second quarter results at 8:00pm EDT/5:00pm PDT on October 23 (Beijing Time: October 24th, 2001 at 8:00am). The dial-in number for the call is 973-872-3100. A replay will be available by dialing 877-519-4471 for US callers or 973-341-3080 for international callers with a PIN of 2852903 between 5:00pm PDT on October 23, 2001 until 5:00pm PDT on November 23, 2001.

Additionally, the conference call will be broadcast via the Internet and can be accessed via the

investor relations section of AsiaInfo's corporate Web site at www.asiainfo.com.

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands of US\$)

| | Three Months Ended Sep 30 | | Nine Months Ended Sep 30, | |
|--|---------------------------|---------------|---------------------------|---------------|
| | 2001 | 2000 | 2001 | 2000 |
| Revenues: | | | | |
| Network solutions | 86,323 | 52,820 | 130,005 | 120,365 |
| Software | 7,708 | 5,248 | 21,357 | 11,687 |
| Software license | 6,507 | 4,909 | 18,685 | 11,145 |
| Software service | 1,201 | 339 | 2,672 | 542 |
| Total revenues | 94,031 | 58,068 | 151,362 | 132,052 |
| Cost of revenues: | | | | |
| Network solutions | 77,649 | 47,152 | 108,629 | 109,736 |
| Software | 842 | 1,126 | 2,564 | 1,859 |
| Software license | 2 | 26 | 3 | 29 |
| Software service | 840 | 1,100 | 2,561 | 1,830 |
| Total cost of revenues | 78,491 | 48,278 | 111,193 | 111,595 |
| Gross Profit | 15,540 | 9,790 | 40,169 | 20,457 |
| Operating expenses: | | | | |
| Sales and marketing | 6,323 | 5,702 | 17,770 | 13,291 |
| General and administrative | 3,550 | 3,500 | 10,696 | 9,274 |
| Research and development | 1,945 | 1,743 | 5,522 | 4,433 |
| Amortization of deferred stock compensation | 216 | 467 | 937 | 1,752 |
| Total operating expenses | 12,034 | 11,412 | 34,925 | 28,750 |
| (Loss) income from operations | 3,506 | -1,622 | 5,244 | -8,293 |
| Other income (expenses): | | | | |
| Interest income | 1,644 | 2,283 | 6,225 | 5,504 |
| Interest expense | -216 | -285 | -883 | -894 |
| Other income, net | -5 | 14 | -39 | -193 |
| Total other income, net | 1,423 | 2,012 | 5,303 | 4,417 |
| Income before income taxes , minority interests and equity in loss of affiliated | 4,929 | 390 | 10,547 | -3,876 |
| Income tax expense | 985 | -6 | 2,262 | -68 |
| Minority interests | -105 | 19 | -235 | 19 |
| Equity in loss of affiliate | -320 | 0 | -576 | 0 |
| Net (loss) income | 3,519 | 415 | 7,474 | -3,789 |
| Net (loss) income per share | | | | |
| Basic | 0.08 | 0.01 | 0.18 | -0.10 |
| Diluted | 0.08 | 0.01 | 0.16 | -0.10 |
| Shares used in computation | | | | |
| Basic | 41,757,250 | 39,841,935 | 41,343,389 | 36,133,972 |
| Diluted | 45,159,256 | 45,456,176 | 45,689,785 | 36,133,972 |
| Segment information | | | | |
| Network solutions net of hardware cost | 12,437 | 8,051 | 30,021 | 18,820 |
| Software | 7,708 | 5,248 | 21,357 | 11,687 |
| Software license | 6,507 | 4,909 | 18,685 | 11,145 |
| Software service | 1,201 | 339 | 2,672 | 542 |
| Consolidated revenues net of hardware cost | 20,145 | 13,299 | 51,378 | 30,507 |
| Consolidated cost of sales net of hardware cost | 4,605 | 3,509 | 11,209 | 10,050 |
| Consolidated gross profit | 15,540 | 9,790 | 40,169 | 20,457 |

AsiaInfo Holdings, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In US\$)

| | Sep 30, 2001 | Dec 31, 2000 |
|--|--------------------|--------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | 104,597,540 | 48,833,956 |
| Restricted cash | 25,764,358 | 26,733,179 |
| Short term investments | 22,409,927 | 110,400,000 |
| Accounts receivable, trade (net of allowance for doubtful accounts of \$545,013 and \$1,187,700 at Dec 31, 2000 and September 30, 2001 respectively) | 80,959,943 | 55,597,496 |
| Inventories | 1,249,605 | 8,876,010 |
| Other current assets | 5,317,627 | 3,749,255 |
| Total current assets | 240,299,000 | 254,189,896 |
| Property, plant, and equipment-net | 5,817,404 | 6,339,751 |
| Long Term investment | 5,581,265 | |
| Other assets | 2,710,707 | 3,473,417 |
| Total assets | 254,408,376 | 264,003,064 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Short-term bank loans | 16,733,318 | 20,644,834 |
| Accounts payable | 29,836,256 | 42,037,151 |
| Accrued employee benefit | 9,193,624 | 10,019,624 |
| Deferred Revenue | 3,585,483 | 12,501,524 |
| Income Taxes payable | 2,025,071 | 307,373 |
| Other Taxes payable | 1,624,845 | 1,909,450 |
| Other current liabilities | 11,310,423 | 7,785,694 |
| Total current liabilities | 74,309,020 | 95,205,650 |
| Minority interest | 448,860 | 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;September 30 ,2001 41,950,891 | 419,509 | 408,229 |
| Additional paid-in capital | 177,979,907 | 175,370,544 |
| Deferred stock compensation | (719,055) | (1,655,821) |
| Retained earnings (accumulated deficit) | 1,943,075 | (5,530,601) |
| Accumulated other comprehensive income (loss) | 27,060 | 17,019 |
| Total stockholders' equity | 179,650,496 | 168,609,370 |
| Total Liabilities and Stockholders' Equity | 254,408,376 | 264,003,064 |

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.