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AsiaInfo Reports Third Quarter Results

Company Meets Previously Announced Guidance and Continues to Strengthen Market Position

BEIJING/SANTA CLARA – October 21, 2002 – AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of telecom software solutions in China, today announced third quarter results for the period ended September 30, 2002.

Third quarter net revenue (revenue net of hardware costs) was approximately US\$14.7 million, exceeding previously announced guidance of US\$13-14 million, but 27% lower year-on-year and 25% lower sequentially. Software solutions and value-added services continued to be important revenue drivers for the company, with total software solutions revenue reaching US\$9.1 million, a 18% increase over the period a year ago and a 3% increase over last quarter. Bonson Information Technology (Bonson), a wireless operation support system (OSS) vendor acquired by AsiaInfo in February 2002, contributed 34% to the third quarter's total net revenue and 40% to software revenue.

Also meeting previously announced guidance, operating profit was close to break-even for the quarter at US\$43 thousand; Bonson contributed 54% to the operating profit. Net income reached US\$468 thousand in the third quarter, or US\$0.01 per basic share, 10% of which was contributed by Bonson. Net operating cash flow was US\$2.9 million in the third quarter 2002.

As a result of cost cutting measures implemented during the third quarter, the company reduced total operating expenses by 30% over the same quarter of last year, meeting its previously announced cost saving objectives. In the coming quarters, the company will continue to maintain tight cost controls.

At the end of the third quarter, net revenue backlog was US\$41.3 million, a 12% decrease year-over-year. Software solutions accounted for 46% of total net revenue backlog,

representing a 13% year-over-year increase. Bonson contributed 23% to total net revenue backlog.

The company's balance sheet was further strengthened in the third quarter, with its cash position increasing from US\$135.4 million at the end of Q2 2002 to US\$136.7 million, due to positive contribution from operations and further improved accounts receivable collection.

The company's Days Sales Outstanding (DSO) decreased to 173 days at the end of September 30, 2002, compared to 205 days at the end of last quarter, fulfilling the company's stated goal of reducing DSO to lower than 200 days.

James Ding, chief executive officer and president of AsiaInfo commented, "AsiaInfo's ability to meet its financial guidance, despite difficult market conditions, speaks to our determination to maintain profitability though the tough times and protect the company's competitive positioning. While the continued slowdown in spending resulting from the reorganization of China's telecom sector has created challenging market conditions for all suppliers, AsiaInfo continues to out-perform our competitors in this difficult environment.

"We are pleased to see that, despite significant cut back in carriers' spending, our software business continue to achieve growth on the year-over-year basis. All signs indicate that once spending resumes, China's telecom carriers will place increased emphasis on software and solutions needed to increase efficiency, raise profitability and improve their competitiveness. AsiaInfo's strong market position will benefit tremendously from opportunities in the software market."

Third Quarter Highlights

New Contract Wins

AsiaInfo recently announced a contract win through which the company will provide billing and customer care software to the new China Telecom for its new data networks in the nine northern provinces that currently are the new China Netcom's territory.

Remarking on AsiaInfo's recent contract wins, Ding said, "New contracts such as the one with China Telecom's nine northern provinces, as well as the recently announced contract with China Telecom Beijing, illustrate that new areas for spending and investment are emerging from the restructuring as the providers begin to move into each other's territories. It is our strategy to continue to expand our success in the telecom software market by continuously providing new software solutions, either through our own development or in partnership with global leading players, to address the fast growing new demands."

Highlights of contracts signed in the third quarter include:

- Multiple software contracts signed with China Mobile to provide email messaging software and short messaging service (SMS) to China Mobile headquarters and its provincial subsidiaries in Shanghai, Sichuan and Xizang (Tibet).
- A contract for video conferencing applications with China Unicom.
- A contract with China Mobile subsidiary Yunnan Mobile for CRM software solutions.
- A billing software and major network upgrade contract with China Telecom Hubei.
- A contract for analytical CRM for China Mobile Zhejiang.
- Multiple contracts from China Unicom for provincial network expansion.
- A first contract with the new China Telecom Beijing subsidiary for data infrastructure as it resumes infrastructure investment to expand into Northern China.

James Ding concluded, “We are confident that with AsiaInfo’s strong financial and competitive position, the company will continue to adeptly weather these short-term market difficulties. We remain as optimistic as ever in the potential of China’s telecom market, and strongly believe that our long-term strategy and existing competitive position will result in continued benefits for AsiaInfo.”

Business Outlook

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

Fourth Quarter 2002 Guidance

Net revenue is expected to be US\$12-13 million in the fourth quarter, resulting in annual net revenue of US\$63.4-64.4 million in 2002, which is in line with the company’s revised annual guidance provided on July 23, 2002.

EPS in the fourth quarter is expected to be US\$0-0.01, translating to annual basic EPS of US\$0.12-0.13, which is in line with the company’s revised guidance of US\$0.11–0.15 per share.

In accordance with applicable accounting principals, AsiaInfo will conduct an asset impairment test in the fourth quarter in connection with its private equity investments. This will include the company’s 14% stake in Intrinsic Technology, which is recorded on the company’s balance sheet as an “investment in affiliate” of US\$4.9 million as of the end of the third quarter.

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

	2002		2001	
	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	AsiaInfo	AsiaInfo without Bonson	AsiaInfo	AsiaInfo without Bonson
Revenues				
Network solutions	23,498	86,323	73,006	130,004
Software solutions	9,073	7,708	24,661	21,357
Total revenues	32,571	94,031	97,667	151,361
Cost of revenues				
Network solutions	20,019	77,649	55,835	108,628
Software solutions	4,052	842	9,006	2,565
Total cost of revenues	24,071	78,491	64,841	111,193
Gross profit	8,500	15,540	32,826	40,168
Operating expenses				
Sales and marketing	3,082	6,322	11,460	17,769
General and administrative	2,719	3,260	7,736	9,878
Research and development	2,097	1,945	6,706	5,522
Amortization of deferred stock compensation	82	216	332	937
In Process research and development	0	0	350	0
Amortization of intangible assets	477	290	1,272	818
Total operating expenses	8,457	12,033	27,856	34,924
Income from operations	43	3,507	4,970	5,244
Other income (expenses)				
Interest income	523	1,644	1,757	6,225
Interest expense	-1	-216	-75	-883
Other income, net	6	-5	43	-39
Total other income (expenses), net	528	1,423	1,725	5,303
Income before income taxes , minority interests and equity in loss of affiliate	571	4,930	6,695	10,547
Income tax expense	74	986	870	2,262
Minority interests	73	-105	63	-235
Equity in loss of affiliate	-102	-320	-383	-576
Net income	468	3,519	5,505	7,474
Net (loss) income per share				
Basic	0.01	0.08	0.13	0.18
Diluted	0.01	0.08	0.12	0.16
Shares used in computation				
Basic	44,081,170	41,757,250	43,387,643	41,343,389
Diluted	44,835,907	45,159,256	45,765,340	45,689,785
Segment information				
Network solutions net of hardware cost	5,614	12,438	26,713	30,021
Software solutions	9,073	7,708	24,661	21,357
Consolidated revenues net of hardware cost	14,687	20,146	51,374	51,378
Consolidated cost of sales net of hardware cost	6,187	4,606	18,548	11,210
Consolidated gross profit	8,500	15,540	32,826	40,168

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

	Sept. 30,2002	Dec. 31, 2001
ASSETS		
Current Assets		
Cash and cash equivalents	118,264,688	110,634,635
Restricted cash	14,457,903	13,474,945
Short term investments	4,010,399	27,184,487
Accounts receivable, trade (net of allowance for doubtful accounts of 1,093,582, and 1,961,306 at Dec 31, 2001 and Sept. 30, 2002 respectively)	62,632,521	66,723,537
Inventories	4,357,142	1,180,160
Other current assets	12,665,419	13,638,312
Total current assets	216,388,072	232,836,076
Property, plant, and equipment-net	4,799,084	5,375,518
Investment in affiliate	4,889,039	5,272,066
Other assets	41,762,718	2,375,877
Total Assets	267,838,913	245,859,537
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liability		
Short-term bank loans	72,489	2,923,906
Accounts payable	22,016,951	23,789,295
Accrued employee benefit	7,095,785	9,088,443
Deferred revenue	5,730,810	4,279,272
Income taxes payable	3,353,692	4,743,019
Other taxes payable	1,844,989	2,523,839
Other current liabilities	15,089,076	13,112,294
Total current liabilities	55,203,792	60,460,068
Deferred income tax liabilities	205,015	0
Total liabilities	55,408,807	60,460,068
Minority interest	329,282	609,475
Stockholders' Equity		
Common stock, 100,000,000 shares authorized; 0.01 par value, shares issued and outstanding : Dec 31,2001 42,132,818;; Sept. 30, 2002 44,152,307	441,523	421,328
Additional paid-in capital	200,059,300	178,649,268
Deferred stock compensation	(180,489)	(512,071)
Retained earnings (accumulated deficit)	11,708,536	6,203,313
Accumulated other comprehensive income (loss)	71,954	28,156
Total stockholders' equity	212,100,824	184,789,994
Total Liabilities and Stockholders' Equity	267,838,913	245,859,537

Third Quarter Conference Call

AsiaInfo will host a conference call to discuss its third quarter results at 5:00 p.m. Pacific Time / 8:00 p.m. Eastern Time on October 21, 2002 (Beijing/Hong Kong Time: October 22, 2002 at 8:00 a.m.). The management team will be on the call to discuss results and highlights of the quarter, and answer questions. The dial-in number for the call is 973-582-2732

A replay will be available by dialing 877-519-4471 for US callers or 973-341-3080 for international callers with a PIN of 3509179 between 9:00pm Eastern Time on October 21, 2002 and 9:00pm Eastern Time on November 21, 2002.

Additionally, a Web cast of this earnings call will be available on the Investor Relations section of the AsiaInfo Web site at www.asiainfo.com.

About AsiaInfo Holdings, Inc.

AsiaInfo Holdings, Inc. (Nasdaq: ASIA) is a leading provider of telecom software solutions in China. The company provides high-quality software and solutions to China's telecom carriers, meeting the demanding needs of a fast-growing industry.

The company offers a full range of telecom software solutions including Network Infrastructure, Operation Support Systems and Service Applications. AsiaInfo's products and services cover network infrastructure services, including design, implementation, operation and optimization, customer care and billing software; decision support system software; and service applications encompassing messaging, broadband, wireless and other advanced applications.

A Delaware-registered company, AsiaInfo has constructed national backbones and provincial access networks for all of China's major national telecom carriers since 1995, including China Telecom, China Netcom, China Mobile, China Unicom and China Railcom. Since 2000, the company has successfully shifted its focus from Internet infrastructure construction to the provision of a full suite of telecom software solutions.

For more information about AsiaInfo, please visit <http://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.

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