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AsiaInfo Reports Fourth Quarter and 2001 Year-End Results

Operating profit increases more than 200% over 2000

High profitability in 2002: operating profit expected to grow more than 70%;
operating margin to increase from 15% in 2001 to 20-24% in 2002

BEIJING/SANTA CLARA – January 22, 2002 - AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of telecom network integration and software solutions in China, today announced record fourth quarter and year-end results for the period ended December 31, 2001.

In a separate press release today, the company also announced the planned acquisition of Bonson Information Technology Limited, a leading provider of telecom operation support system (OSS) solutions in China.

Fourth Quarter Financial Results

AsiaInfo continued to demonstrate strong growth in the fourth quarter of fiscal year 2001, reporting record results in operating profit and net income. For the quarter, the company had net revenue (total revenue net of hardware costs) of US\$20.0 million, representing a 42.2 percent increase over the same period of 2001. Gross revenue for the fourth quarter of 2001 was US\$37.6 million. Gross profit was US\$15.3 million, representing a 40.3 percent increase over the same period a year ago.

AsiaInfo's fourth quarter operating profit grew to US\$5.1 million, a 45.7 percent sequential increase and a 543.4 percent year-over-year increase. Operating margin increased to 25 percent from 17 percent last quarter. On a per-basic-share basis, operating profit was \$0.12. Net income was US\$4.3 million, or \$0.10 per basic share, for the fourth quarter of 2001, representing an increase of 316 percent over net income of US\$1.0 million, or \$0.025 per basic share, for the fourth quarter of 2000.

2001 Fiscal Year Financial Results

For the full fiscal year 2001, net revenue was US\$71.4 million, a 60.2 percent increase over net revenue in 2000. Full year 2001 net income was US\$11.7 million, or \$0.28 per basic share, a significant increase over the 2000 net loss of US\$2.8 million, or (\$0.07) per basic share. Software revenue was US\$27.9 million in 2001, representing 39 percent of total net revenue and a 60.5 percent increase over year 2000. Full year 2001 gross revenue was US\$189.0 million and gross profit was US\$55.5 million.

James Ding, President and CEO of AsiaInfo commented, “We are very happy to announce another great quarter. Despite the tough global business environment in 2001, we delivered solid financial results in 2001. Our full year operating income increased 210 percent over 2000, demonstrating the company’s enhanced profitability, proven business model and improving business strategy and execution.”

Fourth Quarter Highlights

New Contract Wins

During the fourth quarter, AsiaInfo announced a number of contracts for software and solutions offerings, firmly establishing AsiaInfo as a complete software solution provider to telecom carriers in China.

AsiaInfo announced the following new business developments in the fourth quarter:

- A contract with China Mobile subsidiary, Shanxi Mobile, to provide AsiaInfo’s recently launched network optimization software
- Contracts with China Unicom and China Mobile, representing a combined value of US\$6 million, to build provincial data networks and provide AsiaInfo’s billing software
- A contract with China Mobile subsidiary, Sichuan Mobile, to provide Customer Relationship Management (CRM) software
- A contract with China Mobile subsidiary, Shanghai Mobile, to provide AsiaInfo’s recently launched Business Operation Support Software (BOSS), the first major contract win for this new suite of software
- A contract to provide China Unicom’s VoIP network with AsiaInfo’s customer care and billing software in the third phase of expansion of the network
- A contract with Hong Kong’s second largest Internet Service Provider, HK Net, to provide AsiaInfo’s IP billing software
- A contract with China Telecom subsidiary, Zhejiang Telecom, to construct its broadband network.

New Software Products

In order to meet the increasingly advanced needs of China's telecom carriers, AsiaInfo launched two new software products during the fourth quarter of 2001: AIVelosurf and AIOmniVision.

AsiaInfo's AIVelosurf is a newly developed network optimization software that is designed to accelerate data transmission via wireless data networks. Developed entirely in-house using proprietary technology, AIVelosurf is designed to address bandwidth bottlenecks at the "last mile" of a 2.5G network.

AsiaInfo's AIOmniVision is a new decision support software (DSS) that gives telecom carriers the ability to understand and maximize business value from their existing customers; identify and focus on profitable customer groups; explore and attract potential customers; and improve service quality and ensure customer satisfaction and retention.

Company Recognition

Leading financial magazine *AsiaMoney* named AsiaInfo one of China's Best Managed Companies and recognized its investor relations program as one of the best in China.

"We place great importance on open communication with all our shareholders and the financial community, and we're proud to have been recognized for our effective corporate governance and investor relations efforts." Said Ying Han, chief financial officer of AsiaInfo, recipient of "2001 Best Practice Award for Raising Capital and Special Commendation for Managing Finance at an SME" from *CFO Asia*, another leading financial magazine in the Asia Pacific region.

Ding concluded, "Our strong fourth quarter and new contract wins in many new areas demonstrate AsiaInfo's leading market position and execution on strategy in the overall telecom market, a significant expansion from the Internet infrastructure market where AsiaInfo started initially," Ding said, "As China's telecom market becomes increasingly competitive, carriers are actively enhancing their services, improving customer satisfaction, increasing efficiency and profitability, and eventually becoming multi-service providers. In order to accomplish these objectives, carriers will need to deploy a wide spectrum of advanced software and solutions to rapidly upgrade the existing infrastructure. With a full suite of telecom software solutions and an extensive customer installation base, AsiaInfo is best positioned to help China's telecom carriers succeed."

Business Outlook

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

Fiscal Year 2002 Pro Forma Guidance (Including Bonson)

AsiaInfo expects pro forma net revenue to increase by approximately 15 to 25 percent in fiscal year 2002 over 2001. Software solution revenue, including license and software

service revenue, will represent 40 to 45 percent of total net revenue. The total net revenue backlog was US\$52 million as of December 31, 2001, accounting for 52 to 56 percent of the forecasted pro forma net revenue and providing significant visibility into the company's financial performance in 2002. Bonson's contribution to total net revenue is expected to be 12 to 14 percent.

Sales and marketing expenses, general and administration expenses and research and development expenses are expected to account for 23 to 25 percent, 10 to 12 percent and 12 to 14 percent of forecasted pro forma net revenue, respectively.

Pro forma operating profit for fiscal year 2002 is expected to increase at approximately 70 to 80 percent year-over-year. Operating margin (operating profit as a percentage of net revenue) will increase from 15 percent in 2001 to 20 to 24 percent in 2002, representing a significant increase in profitability, as the company will generate more revenue from high-margin software solutions.

Pro forma net income for fiscal year 2002 is expected to be in the range of US\$18 to 19 million, or \$0.41 to 0.43 per basic share.

Fiscal Year 2002 Guidance, excluding Bonson Contribution

Excluding the Bonson acquisition, AsiaInfo expects fiscal year 2002 net revenue to increase by approximately 15 to 25 percent over 2001. At the end of 2001, net revenue backlog of AsiaInfo was US\$44 million, representing a 20 percent year-over-year increase and 50 to 54 percent of the forecasted net revenue.

The moderate growth rate of net revenue is due largely to the temporary market slow down in the second half of 2001, as all major telecom operators slowed their spending during an industry-wide restructuring. Another reason is that the company will generate more revenue from high-margin software solutions, and less from large network construction projects. As a result, the company's operating profit will grow at 60 to 70 percent year-over-year, much faster than net revenue growth.

Excluding Bonson acquisition, EPS for fiscal year 2002 would be in the range of \$0.30 to 0.35 per basic share. Earnings (excluding interest contribution) per share will grow 120 percent from 15 cents in 2001 to 33 cents in 2002.

Q1 2002 Pro Forma Guidance (Including Bonson)

AsiaInfo expects Q1 2002 pro forma net revenue to be US\$16.5 to 17 million. Bonson's contribution to Q1 net revenue is expected to be approximately 12 percent.

Operating income is expected to be approximately US\$0.6 to 0.8 million. Net income is expected to be about US\$1 million, or \$0.02 per basic share. Bonson's contribution to net income is expected to be approximately 50 percent.

Fourth Quarter and Year-End Conference Call

AsiaInfo will host a conference call to discuss its fourth quarter and year-end results and details about the acquisition of Bonson Technology at 4:00 p.m. Pacific Time / 7:00 p.m. Eastern Time (Beijing/Hong Kong Time: January 23, 2002 at 8:00 a.m.). The management team will be on the call to discuss the recent acquisition, results and highlights, provide financial guidance for 2002, and answer questions. 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 personal identification number (PIN) of 3033213 between 4:00 p.m. Pacific Time on January 22, 2002 until 4:00 p.m. Pacific Time on February 23, 2002.

Live and archived web casts of this call also will be available on the Investor Relations section of the AsiaInfo web site at www.asiainfo.com.

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands of US\$)	Three Months, Ended Dec 31		Year, Ended Dec 31	
	2001	2000	2001	2000
Revenues:				
Network solutions	31,126	38,330	161,131	158,695
Software	6,518	5,682	27,875	17,368
Software license	5,361	5,414	24,046	16,558
Software service	1,157	268	3,829	810
Total revenues	37,644	44,012	189,006	176,063
Cost of revenues:				
Network solutions	21,083	31,932	129,713	141,668
Software	1,257	1,172	3,821	3,030
Software license	36	15	39	44
Software service	1,221	1,157	3,782	2,986
Total cost of revenues	22,340	33,104	133,534	144,698
Gross Profit	15,304	10,908	55,472	31,365
Operating expenses:				
Sales and marketing	3,999	6,443	21,769	19,734
General and administrative	4,209	3,618	14,905	12,892
Research and development	1,782	1,541	7,304	5,974
Amortization of deferred stock compensation	208	459	1,144	2,210
Total operating expenses	10,198	12,061	45,122	40,810
(Loss) income from operations	5,106	-1,153	10,350	-9,445
Other income (expenses):				
Interest income	910	2,416	7,135	7,919
Interest expense	-86	-138	-969	-1,033
Other income, net	-19	171	-58	-21
Total other income, net	805	2,449	6,108	6,865
Income before income taxes , minority interests and equity in loss of affiliated	5,911	1,296	16,458	-2,580
Income tax expense	1,183	286	3,444	218
Minority interests	-160	13	-396	32
Equity in loss of affiliate	-309	0	-885	0
Net (loss) income	4,259	1,023	11,733	-2,766
Net (loss) income per share				
Basic	0.10	0.03	0.28	-0.07
Diluted	0.09	0.02	0.26	-0.07
Shares used in computation				
Basic	42,070,468	40,556,680	41,525,159	37,239,649
Diluted	46,629,538	44,190,092	45,924,724	37,239,649
Segment information				
Network solutions net of hardware cost	13,495	8,390	43,516	27,210
Software	6,518	5,682	27,875	17,368
Software license	5,361	5,414	24,046	16,558
Software service	1,157	268	3,829	810
Consolidated revenues net of hardware cost	20,013	14,072	71,391	44,578
Consolidated cost of sales net of hardware cost	4,709	3,164	15,919	13,213
Consolidated gross profit	15,304	10,908	55,472	31,365

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In US\$)	Dec 31, 2001	Dec 31, 2000
ASSETS		
Current Assets:		
Cash and cash equivalents	110,634,635	48,833,956
Restricted cash	13,474,945	26,733,179
Short term investments	27,184,487	110,400,000
Accounts receivable, trade (net of allowance for doubtful accounts of \$545,013 and \$1,093,582 at Dec 31, 2000 and December 31, 2001 respectively)	66,723,537	55,597,496
Inventories	1,180,160	8,876,010
Other current assets	13,696,243	3,749,255
Total current assets	232,894,007	254,189,896
Property, plant, and equipment-net	5,375,519	6,339,751
Investment in affiliate	5,272,066	
Other assets	2,317,945	3,473,417
Total assets	245,859,537	264,003,064
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans	2,923,906	20,644,834
Accounts payable	23,789,295	42,037,151
Accrued employee benefit	9,088,443	10,019,624
Deferred Revenue	4,279,272	12,501,524
Income Taxes payable	4,743,019	307,373
Other Taxes payable	2,523,839	1,909,450
Other current liabilities	13,112,294	7,785,694
Total current liabilities	60,460,068	95,205,650
Minority interest	609,475	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; December 31 ,2001 42,132,818	421,328	408,229
Additional paid-in capital	178,649,268	175,370,544
Deferred stock compensation	(512,071)	(1,655,821)
Retained earnings (accumulated deficit)	6,203,313	(5,530,601)
Accumulated other comprehensive income (loss)	28,156	17,019
Total stockholders' equity	184,789,994	168,609,370
Total Liabilities and Stockholders' Equity	245,859,537	264,003,064

About AsiaInfo Holdings, Inc.

AsiaInfo Holdings, Inc. (Nasdaq: ASIA) is a leading provider of telecom network integration and software solutions in China. Its 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's convergent software suite also includes carrier-scale messaging and network management products. AsiaInfo constructs backbones, provincial and access networks for China's telecom carriers while providing high-end network solutions including operations support, network management and security, and service applications.

Registered in Delaware, AsiaInfo has served as a chief architect of China's Internet infrastructure since 1995, crafting Internet backbones for all the major national carriers including China Telecom, China Mobile, China Unicom, and China Netcom.

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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