

AsiaInfo Announces Fourth Quarter and 2003 Year-End Results

Net Revenue Grows by 21% in Q4 2003

Company Expects Further Net Revenue Growth in Q1 and Full Year 2004

Q4 2003 Key Highlights

- Net Revenue (total revenue net of hardware cost) of US\$16.2 million, in line with quarterly guidance of US\$15-16 million, represents year-over-year growth of 21% and sequential growth of 2%;
- Company's software business continues to grow, increasing year-over-year by 32% and quarter-over-quarter by 13%;
- Basic EPS excluding one time impairment charge were US\$0.04, in line with quarterly guidance and showing strong year-over-year growth; Basic EPS including one time impairment charge were negative US\$0.01;
- Successful completion of Pacific Software asset acquisition; new HRM and BI contracts signed with China Iron and Steel Association and China's Ministry of Railway;
- New strategic cooperation agreement announced with Liaoning Mobile, a subsidiary of China Mobile.

Q1 2004 guidance:

- Net revenue expected to be approximately US\$14 to 15 million, representing 10-18% year-over-year growth. Basic EPS expected to be US\$0.02 to 0.03.

BEIJING/SANTA CLARA, Calif. – January 20, 2003 – AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of high-quality software and solutions in China, today announced fourth quarter and year-end results for the period ended December 31, 2003.

2003 Fourth Quarter Financial Results

For the fourth quarter of 2003, net revenue (total revenue net of hardware costs) was US\$16.2 million. This is a year-over-year increase of 21% and a 2% increase sequentially, and is also slightly above the company's previously announced financial guidance. Software revenues were US\$9.5 million, an increase of 32% year-over-year and 13%

sequentially. Network Solutions revenue net of hardware costs was US\$6.6 million, an 8% increase year-over-year and a 10% decrease from the previous quarter.

Gross revenue (including hardware costs) was US\$30.6 million, an increase of 30% year-over-year and 9% sequentially. Gross profit was US\$9.3 million, a 24% increase year-over-year and a 7% decrease from the third quarter.

Total operating expenses were US\$7.6 million, a slight decrease year-over-year and a 5% decrease sequentially.

Fourth quarter operating profit was US\$1.6 million, a large improvement from the US\$0.3 million operating loss a year ago, and a decrease of 19% from the third quarter.

During the quarter, AsiaInfo conducted an annual asset impairment test in connection with the company's private equity investments in Intrinsic Technology (recorded on the balance sheet as an "investment in affiliate"), which resulted in a one-time impairment charge of approximately US\$2.2 million.

Excluding the charge, net income for the quarter was US\$2.0 million, or US\$0.04 per basic share, a significant improvement over last year's non-GAAP net income of US\$0.15 million and a 12% decrease from last quarter's US\$2.2 million. Including the charge, the company posted a net loss of US\$0.27 million for the quarter, compared to a net loss of US\$2.6 million in the same period of 2002, which also included an impairment charge for the company's private equity investment in Intrinsic Technology and short-term investment in PalmInfo.

Net operating cash flow was US\$4.3 million in the fourth quarter.

2003 Full Year Financial Results

Net revenue (total revenue net of hardware costs) for the full year 2003 was approximately US\$57.5 million, an 11% decrease from net revenue of US\$64.7 million for 2002, largely resulting from the business slowdown caused by the SARS outbreak in the middle of 2003. Software revenues were approximately US\$31.5 million, comparing to US\$33.0 million in 2002. Network Solution revenue net of hardware costs was approximately US\$26.0 million, comparing to US\$31.7 million in 2002.

For the full year 2003, the company reported gross revenue (including hardware costs) of US\$116.2 million and gross profit of US\$34.0 million, versus US\$121.3 million and US\$40.3 million, respectively, for the year 2002.

As previously reported, in the first quarter of 2003 the company took a one-time non-cash impairment charge of US\$30.2 million, resulting from an independent valuation of the goodwill and acquired intangible assets mainly attributable to the company's February 2002 acquisition of Bonson Information Technology Holdings. Excluding the charge, total operating expenses for the year were US\$31.8 million, an 11% decrease from 2002's

US\$35.6 million. Including the charge, total operating expenses for the year were US\$62.0 million, a 74% increase over 2002.

Excluding all the charges detailed above, net income for 2003 was US\$4.4 million, or US\$0.10 per basic share, versus non-GAAP net income of US\$5.7 million, or US\$0.13 per basic share in 2002. Including the charges, the company had a net loss of US\$28.1 million, or negative US\$0.63 per basic share, comparing to 2002's GAAP net income of US\$2.9 million.

AsiaInfo's full year net operating cash flow was US\$6.8 million dollars.

Xingsheng Zhang, AsiaInfo's President and Chief Executive officer, said, "2003 presented a number of challenges to AsiaInfo, including most significantly the outbreak of SARS in the middle of the year. In light of these issues, we are proud of our ability to have been able to meet our EPS guidance for 2003 before the impairment charges and to have made many strong strides and achievements during the year.

"One important move for the company during last quarter was the acquisition of the Human Resource Management and Business Intelligence assets from Pacific Software. The acquisition brought AsiaInfo into the promising enterprise information solution market with multiple new vertical customer segments, which provides significant opportunities for the cross marketing of expanded software offerings. The integration of the Pacific Software assets is proceeding smoothly. We are also receiving positive market responses to our new offerings, as demonstrated by the recent announcements of our new HRM and BI solution contracts.

"We believe that our strategy of broadening our product offerings and customer base will serve AsiaInfo well in 2004, bringing the company solid revenue growth and profitability improvement and enhancing shareholder value."

New Partnerships

AsiaInfo is pleased to announce a new partnership with Liaoning Mobile, one of China Mobile's largest provincial subsidiaries. Under a recently signed long-term strategic cooperation agreement, the two parties will work closely together on the future strategic development of Liaoning Mobile's wireless and data services, as well as in the fields of network planning and construction associated with such development.

Previously in the quarter, the company had also announced an agreement with Shanghai Mobile, another major subsidiary of China Mobile, for future strategic cooperation, particularly in the BOSS-related field.

Fourth Quarter New Contract Wins

In the fourth quarter of 2003, AsiaInfo announced the signing of a HRM contract, following the acquisition of Pacific Software assets, to supply a Human Resource Management solution to Air China. Air China is a major player in China's airline industry with business revenue of US\$2.8 billion in 2002. The system will help Air China manage its 23,000 employees. Air China had previously contracted Pacific Software to deploy its BI solutions.

Other major contracts signed by AsiaInfo during the 4th quarter of 2003 include:

- A Business Operation Support System (BOSS) optimization contract with Shanghai Mobile;
- Multiple BOSS-related contracts with Liaoning Mobile;
- An integrated Settlement Solution and System Integration Contract with China Mobile;
- A first phase operational CRM Solution and System Integration contract with Beijing Mobile;
- A CDMA1X Customer Care and Billing Solution contract with China Unicom Jiangsu Branch;
- A Human Resources Management Solution contract with China Iron and Steel Association;
- Business Intelligence Solution contracts with China's Ministry of Railway for an on-line cost calculation and analysis system and a freight clearance system.

Business Outlook

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

Full Year 2004 Guidance

AsiaInfo expects net revenue to be approximately US\$ 66 to 70 million in fiscal year 2004, which represents an increase by 15% to 21% versus 2003.

Operating profit in 2004 is expected to be approximately US\$ 5.0 to 7.0 million. Net income for fiscal year 2004 is expected to be in the range of US\$ 5.0 to 7.0 million, or US\$0.12 to 0.16 per basic share.

First Quarter 2004 Guidance

AsiaInfo expects Q1 2004 net revenue to be US\$ 14 to 15 million, taking into account the long Chinese New Year holiday, and showing year-over-year growth of 10% to 18%. Earnings per basic share are expected to be US\$0.02 to 0.03.

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Excluding One-time Impairment Charges)

(Amounts in thousands of US\$)

	2003	2002	2003	2002
	Three Months Ended Dec 31		Year Ended Dec 31	
Revenues:				
Network solutions	21,081	16,353	84,686	88,253
Software revenue	9,531	7,246	31,488	33,013
Total revenues	30,612	23,599	116,174	121,266
Cost of revenues:				
Network solutions	17,321	12,004	67,675	67,839
Software cost	4,041	4,154	14,546	13,161
Total cost of revenues	21,362	16,158	82,221	81,000
Gross profit	9,250	7,441	33,953	40,266
Operating expenses:				
Sales and marketing	3,075	3,220	11,340	14,680
General and administrative	2,428	2,171	10,827	9,907
Research and development	1,882	1,797	9,130	8,503
Amortization of deferred stock compensation	0	76	105	407
In-Process research and development	169	0	169	350
Amortization of intangible assets	81	477	209	1,749
Total operating expenses	7,635	7,741	31,780	35,596
(Loss) income from operations	1,615	-300	2,173	4,670
Other income (expenses):				
Interest income	394	515	1,576	2,272
Interest expense	-1	-39	-3	-114
Other income (expenses),net (*2002 excluding provision for short-term investment US\$750K)	-	-1	-32	42
Total other income (expenses),net	393	475	1,541	2,200
Income before income taxes , minority interests and equity in loss of affiliate	2,008	175	3,714	6,870
Income tax expense	-20	-46	-978	824
Minority interests	-	12	-12	75
Equity in loss of affiliate	-46	-79	-327	-461
Net (loss) income	1,982	154	4,353	5,660
Net (loss) income per share				
Basic	0.04	0.00	0.10	0.13
Diluted	0.04	0.00	0.09	0.12
Shares used in computing per share amounts				
Basic	44,846,989	44,170,750	44,459,010	43,583,420
Diluted	47,134,912	46,550,159	46,748,546	45,961,545
Segment information				
Network solutions net of hardware cost	6,624	6,114	25,982	31,720
Software revenue	9,531	7,246	31,488	33,013
Consolidated revenues net of hardware cost	16,155	13,360	57,470	64,733
Consolidated cost of sales net of hardware cost	6,905	5,919	23,517	24,467
Consolidated gross profit	9,250	7,441	33,953	40,266

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Amortization of deferred stock compensation	0	76	105	407
In-Process research and development	169	0	169	350
Amortization of intangible assets	81	477	209	1,749
Impairment of goodwill and acquired intangible assets	0	0	30,221	0
Total operating expenses	7,635	7,741	62,001	35,596
(Loss) income from operations	1,615	-300	-28,048	4,670
Other income (expenses):				
Interest income	394	515	1,576	2,272
Interest expense	-1	-39	-3	-114
Other income (expenses),net	-100	-752	-132	-708
Total other income (expenses),net	293	-276	1,441	1,450
Income before income taxes , minority interests and equity in loss of affiliate	1,908	-576	-26,607	6,120
Income tax expense	-20	-46	-978	824
Minority interests	-	12	-12	75
Equity in loss of affiliate	-2,196	-2,082	-2,477	-2,465
Net (loss) income	-268	-2,600	-28,118	2,906
Net (loss) income per share				
Basic	-0.01	-0.06	-0.63	0.07
Diluted	-0.01	-0.06	-0.63	0.06
Shares used in computing per share amounts				
Basic	44,846,989	44,170,750	44,459,010	43,583,420
Diluted	44,846,989	44,170,750	44,459,010	45,961,545
Segment information				
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Consolidated gross profit	9,250	7,441	33,953	40,266

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

	Dec 31,2003	Dec 31,2002
ASSETS:		
Current Assets		
Cash and cash equivalents	119,394,988	115,152,694
Restricted cash	14,827,219	14,457,903
Short term investments	13,218,115	11,260,429
Notes receivable	3,832,141	63,631
Accounts receivable, trade (net of allowance for doubtful accounts of 1,133,351 and 3,094,733 at Dec 31, 2002 and Dec 31,2003 respectively)	51,923,491	49,373,454
Inventories	3,234,614	10,934,289
Other current assets	13,050,244	13,851,978
Total current assets	219,480,812	215,094,378
Property, plant, and equipment-net	2,347,693	4,045,923
Investment in affiliate	330,663	2,807,756
Other assets	17,812,623	41,481,895
Total Assets	239,971,791	263,429,952
 LIABILITY AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans	60,411	60,406
Notes payable	2,608,377	2,447,144
Accounts payable	13,944,835	19,261,283
Accrued employee benefit	5,971,003	5,082,550
Deferred revenue	11,738,288	5,055,831
Income taxes payable	1,231,794	2,760,486
Other taxes payable	2,212,280	2,578,606
Other current liabilities	15,597,604	15,708,509
Total current liabilities	53,364,592	52,954,815
 Minority Interest	 0	 317,319
 Stockholders' Equity:		
Common stock, 100,000,000 shares authorized; 0.01 par value, shares issued and outstanding : Dec 31,2002 44,193,474; Dec 31,2003 45,112,278	451,123	441,935
Additional paid-in capital	205,104,007	200,649,428
Deferred stock compensation	0	(105,628)
Retained earnings (accumulated deficit)	(19,008,996)	9,109,903
Accumulated other comprehensive income (loss)	61,065	62,180
Stockholder's Equity	186,607,199	210,157,818
 Total Liability and Stockholder's Equity	 239,971,791	 263,429,952

Reconciliation of Non-GAAP Measures

This earnings release contains non-GAAP financial measures. For purposes of Regulation G under the Securities Exchange Act of 1934, as amended, a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows (or equivalent statements) of the registrant; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to the generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, we have provided in this release a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

(USD\$'000)	2003 Q4	2003
Net Income excluding impairment charges	1,982	4,353
Impairment Charges	(2,250)	(32,471)
Net Loss	(268)	(28,118)
	2003 Q4	2003
Total operating expenses excluding impairment charges	7,635	31,780
Impairment Charges	-	30,221
Total operating expenses	7,635	62,001
	2003 Q4	2003
Income from operations excluding impairment charges	1,615	2,173
Impairment Charges	-	(30,221)
Income (loss) from operations	1,615	(28,048)

	2003 Q4	2003
EPS under Non-GAAP Measures		
Basic Shares	44,846,989	44,459,010
Diluted Shares	47,134,912	46,738,546
Basic	0.04	0.10
Diluted	0.04	0.09
Net Loss Per Share		
Basic Shares	44,846,989	44,459,010
Diluted Shares	44,846,989	44,459,010
Basic	(0.01)	(0.63)
Diluted	(0.01)	(0.63)

Note: The non-GAAP measure represents a one time, non-cash impairment charge as a result of an independent valuation of the goodwill and acquired intangible assets attributable mainly to the Company's February 2002 acquisition of Bonson Information Technology Holdings Limited and an impairment charge as a result of our impairment test on our investment in Intrinsic Technology Holdings, Ltd. We believe that the presentation of this non-GAAP measure provides useful information for investors

regarding our regular financial performance. Our management uses this measure for the same purpose. The presentation of this additional information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

(USD\$'000)	2003 Q4	2003
Net Revenue under Non-GAAP Measures	16,155	57,470
Hardware Costs	14,457	58,704
Revenues	30,612	116,174
Cost of Revenues under Non-GAAP Measures	6,905	23,517
Hardware Costs	14,457	58,704
Cost of Revenues	21,362	82,221

Note: The non-GAAP measure represents revenue net of hardware costs which are passed through to our customers. We believe that the presentation of this non-GAAP measure provides useful information for investors regarding our regular financial performance. Our management uses this measure for the same purpose. The presentation of this additional information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

Fourth Quarter and Year End 2003 Conference Call

AsiaInfo will host a conference call to discuss fourth quarter and year-end earnings at 5:00am Pacific Time/ 8:00am Eastern Time today (Beijing/Hong Kong time: January 20, 2004 at 9:00pm). The management team will discuss yearly and quarterly results and highlights, and answer any 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 personal identification number (PIN) of **4403092** between 6:00am Pacific Time on January 20, 2004 until 6:00am Pacific Time on January 27, 2004. Additionally, a live and archived web cast of this 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 high-quality software and solutions in China. The company provides total customer solutions to some of China's largest companies, and helps its customers to increase their business value in fast-growing and evolving markets. AsiaInfo's products and services cover telecom network infrastructure and application services, encompassing messaging, broadband and wireless; customer relationship management (CRM) and billing solutions; decision support systems; business intelligence (BI); and human resource management (HRM).

Organized as a Delaware corporation, AsiaInfo began in 1995 as the constructor of national backbones and provincial access networks for all of China's major national telecom carriers, including China Telecom, China Mobile, China Unicom and China Netcom. After its acquisition of OSS vendor Bonson in 2002, and HRM and BI software

provider Pacific Software in 2003, the company has successfully leveraged its strengths as a IT systems integrator and telecom software solution provider, to offer a full suite of IT services to a broad range of customers.

For more information about AsiaInfo, please visit <http://www.asiainfo.com>.

The information contained in this documents is as of Jan. 20, 2004. AsiaInfo assumes no obligation to update any forward-looking statements contained in this document as a result of new information or future events or developments.

This document contains forward-looking information about AsiaInfo's operating results and business prospects that involve substantial risks and uncertainties. You can identify these statements by the fact that they use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Among the factors that could cause actual results to differ materially are the following: government telecommunications infrastructure and budgetary policy in China; our ability to maintain our concentrated customer base; the long and variable cycles for our products and services that can cause our revenues and operating results to vary significantly from period to period; our ability to meet our working capital requirements; our ability to retain our executive officers; our ability to attract and retain skilled personnel; potential liabilities we are exposed to because we extend warranties to our customers; risks associated with cost overruns and delays; our ability to develop or acquire new products or enhancements to our software products that are marketable on a timely and cost-effective basis; our ability to adequately protect our proprietary rights; the competitive nature of the markets we operate in; political and economic policies of the Chinese government. A further list and description of these risks, uncertainties, and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, and in our periodic reports on Forms 10-Q and 8-K (if any) filed with the United States Securities and Exchange Commission and available at www.sec.gov.

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