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**ASIAINFO REPORTS FOURTH QUARTER AND  
2006 YEAR-END RESULTS**

- 1
- 2 ● AsiaInfo Exceeds Net Revenue Guidance for the Fourth Quarter
- 3
- 4 ● Fourth Quarter Telecom Software Products and Solutions Revenue Grows 41%
- 5 Year-Over-Year and 9% Sequentially
- 6
- 7 ● Lenovo-AsiaInfo Fourth Quarter Net Revenue Grows 28% Sequentially
- 8

9 BEIJING/SANTA CLARA, Calif. – January 24, 2007 – AsiaInfo Holdings, Inc. (Nasdaq: ASIA),  
10 (“AsiaInfo”) a leading provider of telecom software solutions and IT security products and  
11 services in China, today announced fourth quarter and full year results for the period ended  
12 December 31, 2006.

13  
14 “We’re pleased to report that our strategy of focusing on our core telecom and IT security  
15 businesses helped to drive encouraging business results for the fourth quarter and full year 2006,”  
16 said Steve Zhang, AsiaInfo’s President and Chief Executive Officer. “Our telecom software  
17 solutions gained market share and customer recognition as we worked to innovate and drive value  
18 for China’s telecom carriers.”

19  
20 During the fourth quarter, AsiaInfo developed software solutions that helped carriers expand  
21 capacity, provide new value-added services to users, analyze user data, and increase overall  
22 operational efficiency. Contracts signed during the quarter included agreements to upgrade China  
23 Telecom’s business support systems  
24 , expand Beijing Mobile’s business intelligence and operational CRM systems, and enhance  
25 China Mobile’s content billing system.

26  
27 “We are optimistic about the year ahead,” continued Mr. Zhang. “Our focus on R&D and  
28 anticipating customer needs well positions us to take advantage of opportunities created by  
29 increasing competition between the telecom carriers and the growing overall demand for new  
30 value-added telecom services. We will also continue to consider attractive acquisitions in the  
31 telecom software space that allow us to expand market share at a reasonable cost.”

32  
33 **Fourth Quarter 2006 Results**

34  
35 Exceeding guidance, net revenue (total revenues net of third party hardware cost) for the fourth  
36 quarter was US\$25.4 million, an increase of 58% year-over-year, and an increase of 8%  
37 sequentially. Earnings per basic share for the quarter was US\$0.05.

38  
39 AsiaInfo’s core telecom software solutions business continued to perform well, posting net  
40 revenue growth of 32% year-over-year and 5% sequentially. The Company’s Lenovo-AsiaInfo  
41 business unit had a strong quarter, with net revenue up 876% year-over-year, and up 28%  
42 sequentially. The large year-over-year increase in net revenue was primarily due to significantly  
43 lower than expected shipment volume for the Lenovo-AsiaInfo business unit in the year ago  
44 period. Please refer to the end of the press release for condensed segmented financial results for  
45 AsiaInfo’s two business units.

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47 During the fourth quarter, the Lenovo-AsiaInfo business unit contributed approximately 14% to  
48 net revenue, including a 16% contribution to software products and solutions revenue and a 4%  
49 contribution to service revenue. Lenovo-AsiaInfo contributed 12% to net revenue in the previous  
50 quarter.

51

52 Gross revenue for the fourth quarter was US\$32.1 million, an increase of 66% from the year ago  
53 period and up 16% sequentially. Gross margins were 42% in the fourth quarter compared to 25%  
54 in the year-ago period and 43% in the previous quarter.

55

56 Revenue from software products and solutions for the fourth quarter was US\$21.6 million, an  
57 increase of 73% from the year-ago period and an increase of 13% sequentially. Service revenue  
58 was US\$3.5 million, a 1% increase year-over-year and a 15% sequential decrease. Third-party  
59 hardware revenue for the quarter was US\$7.1 million, a 102% increase over the year ago period  
60 and an increase of 57% sequentially.

61

62 Total operating expenses for the quarter were US\$12.2 million, a decrease of 64% year-over-year  
63 and an 11% increase sequentially. The year-over-year decrease was primarily due to a US\$21.2  
64 million non-cash charge for impairment of goodwill and acquired intangible assets related to the  
65 Lenovo-AsiaInfo business unit in the year-ago period. Lenovo-AsiaInfo contributed 20% to total  
66 operating expenses before corporate general and administrative charges for the fourth quarter of  
67 2006.

68

69 Net income from continuing operations for the fourth quarter was US\$1.9 million, or US\$0.05  
70 per basic share. Net loss from continuing operations in the year-ago period was US\$27.9 million  
71 or US\$0.60 per basic share, and net income from continuing operations in the previous quarter  
72 was US\$1.8 million or US\$0.04 per basic share.

73

74 As announced in early December 2006, AsiaInfo has entered into an agreement to sell its  
75 financial services IT solutions business. The sale of this business will allow AsiaInfo to  
76 concentrate on delivering leading telecom software solutions and IT security products and  
77 services to a growing client base. The transaction is expected to close in the first quarter of 2007.

78

79 The Company recorded net income from discontinued operations for the fourth quarter of US\$0.2  
80 million. This compares to a net loss from discontinued operations of US\$11.9 million in the  
81 year-ago period, and net income from discontinued operations of US\$0.2 million in the previous  
82 quarter.

83

84 In the fourth quarter, AsiaInfo recorded total net income of US\$2.1 million. This is compared to a  
85 net loss of US\$39.8 million in the year-ago period and net income of US\$2.0 million in the  
86 previous quarter, inclusive of the impact of discontinued operations during those periods.

87

88 Net income excluding share-based compensation expenses, amortization and impairment charges<sup>1</sup>  
89 (Non-GAAP net income) was US\$3.1 million in the fourth quarter of 2006 or US\$0.07 per basic  
90 share. Non-GAAP net loss in the year-ago period was US\$18.3 million or US\$0.40 per basic  
91 share. Non-GAAP net income in the previous quarter was US\$2.7 million or US\$0.06 per basic

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<sup>1</sup> Non-GAAP net income and Non-GAAP EPS measures exclude share-based compensation expenses, amortization expenses of acquired intangible assets and impairment of goodwill and acquired intangible assets. For further details on non-GAAP measures, please refer to the reconciliation table and a detailed discussion of management's use of non-GAAP information below.

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92 share.

93

94 Operating cash flow for the fourth quarter of 2006 was US\$27.6 million.

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### 96 **2006 Full Year Financial Results**

97

98 For the full year 2006, the company reported net revenue of US\$86.7 million, representing a 16%  
99 increase over 2005 net revenue of US\$75.0 million. Gross revenue for the full year 2006 was  
100 US\$109.6 million, up by 21% from US\$90.3 million in 2005. Gross margin for the full year 2006  
101 was 40% compared to 41% for the full year 2005.

102

103 Full year 2006 revenue from telecom software products and solutions grew by 32% compared to  
104 2005, leading to an 18% increase in telecom net revenue for the year.

105

106 The Lenovo-AsiaInfo business unit's full year 2006 results contributed 8% and 8% to the full  
107 year gross revenue and gross profit, respectively, and 10% to 2006 net revenue.

108

109 Reflecting AsiaInfo's strategic focus on software products and solutions, revenue from this area  
110 grew 28% for the year to US\$72.1 million from US\$56.3 million in 2005. Service revenue fell  
111 25% to US\$13.4 million from US\$17.8 million in 2005, and third party hardware revenue grew  
112 49% to US\$24.1 million from US\$16.1 million in 2005. Third party hardware has been generally  
113 decreasing in the past years as we focus on our core software solution business; however, from  
114 time to time we offer hardware for some projects in response to customer requests.

115

116 Net income from continued operations for 2006 was US\$5.0 million, or US\$0.11 per basic share  
117 compared to a net loss of US\$23.8 million, or US\$0.53 per basic share, for 2005. Net income  
118 from discontinued operations for 2006 was US\$0.8 million, or US\$0.02 per basic share while net  
119 loss from discontinued operations for 2005 was US\$13.4 million, or US\$0.30 per basic share in  
120 2005.

121 AsiaInfo recorded a total net income of US\$5.8 million for the year, compared to a net loss of  
122 US\$37.2 million in 2005.

123

124 Non-GAAP net income was US\$8.1 million for the full year 2006 or US\$0.19 per basic share.  
125 Non-GAAP net loss in 2005 was US\$14.4 million or US\$0.32 per basic share.

126

127 AsiaInfo's full year net operating cash flow was US\$35.8 million.

128

### 129 **First Quarter 2007 Guidance**

130

131 AsiaInfo expects first quarter 2007 net revenue to be US\$23 million to US\$24 million,  
132 representing 22% to 28% year-over-year growth. Earnings per basic share from continuing  
133 operations for the first quarter of 2007 is expected to be US\$0.03 to US\$0.04. This is compared to  
134 earnings per basic share of US\$0.01 in the first quarter of 2006.

135

136 The Company anticipates that the Lenovo-AsiaInfo business unit will post a loss of US\$0.6  
137 million to US\$0.8 million in the first quarter due to seasonality in the business relating to the long  
138 Chinese New Year holiday.

**ASIAINFO HOLDINGS, INC.**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**<sup>2</sup>

(Amounts in thousands of US\$, except share and per share amounts)

	Three Months Ended Dec 31		Year Ended Dec 31	
	2006	2005	2006	2005
<b>Revenues:</b>				
Software products and solutions	21,565	12,433	72,098	56,343
Service	3,491	3,455	13,432	17,816
Third party hardware	7,055	3,500	24,053	16,125
<b>Total revenues</b>	<b>32,111</b>	<b>19,388</b>	<b>109,583</b>	<b>90,284</b>
<b>Cost of revenues:</b>				
Software products and solutions	9,477	8,339	33,736	27,928
Service	2,336	2,878	8,801	10,460
Third party hardware	6,701	3,325	22,850	15,317
<b>Total cost of revenues</b>	<b>18,514</b>	<b>14,542</b>	<b>65,387</b>	<b>53,705</b>
<b>Gross profit</b>	<b>13,597</b>	<b>4,846</b>	<b>44,196</b>	<b>36,579</b>
<b>Operating expenses:</b>				
Sales and marketing	6,464	5,278	20,137	18,473
General and administrative	2,003	3,768	7,960	11,288
Research and development	3,712	3,886	14,230	12,762
Impairment of goodwill and acquired intangible assets	-	21,197	-	21,197
<b>Total operating expenses</b>	<b>12,179</b>	<b>34,129</b>	<b>42,327</b>	<b>63,720</b>
<b>Income (loss) from operations</b>	<b>1,418</b>	<b>(29,283)</b>	<b>1,869</b>	<b>(27,141)</b>
<b>Other income (expenses):</b>				
Interest income	1,097	958	4,246	3,323
Gain (loss) on investments	(196)	137	(196)	134
Other income (expense), net	(79)	(24)	(155)	23
<b>Total other income, net</b>	<b>822</b>	<b>1,071</b>	<b>3,895</b>	<b>3,480</b>
<b>Income (loss) before income taxes and equity in loss of an affiliate</b>	<b>2,240</b>	<b>(28,212)</b>	<b>5,764</b>	<b>(23,661)</b>
Income tax (benefit) expense	304	(318)	768	145
<b>Net income (loss) from continuing operations</b>	<b>1,936</b>	<b>(27,894)</b>	<b>4,996</b>	<b>(23,806)</b>
<b>Discontinued operations</b>				
Gain (loss) from operations of discontinued operations	183	(977)	695	(2,439)
Gain (loss) on disposal of discontinued operations	-	(11,163)	140	(11,163)
Income tax benefit	-	239	-	239
<b>Net income (loss) from discontinued operations</b>	<b>183</b>	<b>(11,901)</b>	<b>835</b>	<b>(13,363)</b>
<b>Net income (loss)</b>	<b>2,119</b>	<b>(39,795)</b>	<b>5,831</b>	<b>(37,169)</b>
Net income (loss) from continued operations:				
Basic	<b>0.05</b>	<b>(0.60)</b>	<b>0.11</b>	<b>(0.53)</b>
Diluted	<b>0.04</b>	<b>(0.60)</b>	<b>0.11</b>	<b>(0.53)</b>
Net income (loss) from discontinued operations:				
Basic	<b>0.00</b>	<b>(0.26)</b>	<b>0.02</b>	<b>(0.30)</b>
Diluted	<b>0.00</b>	<b>(0.26)</b>	<b>0.02</b>	<b>(0.30)</b>
Shares used in computation:				
Basic	42,838,394	46,144,356	43,630,365	44,983,877
Diluted	43,735,011	46,144,356	44,452,024	44,983,877
<b>Non-GAAP disclosure:</b>				
<b>Total revenues net of third party hardware cost</b>	<b>25,410</b>	<b>16,063</b>	<b>86,733</b>	<b>74,967</b>
<b>Total cost of revenues net of third party hardware cost</b>	<b>11,813</b>	<b>11,217</b>	<b>42,537</b>	<b>38,388</b>

<sup>2</sup> Certain comparative figures have been reclassified to conform to current period's discontinued operation presentation.

**ASIAINFO HOLDINGS, INC.**  
**CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands of US\$, except share and per share amounts)

	As at		
	Dec 31, 2006	Sept 30, 2006	Dec 31, 2005 <sup>3</sup>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	104,575	72,095	92,176
Restricted cash	12,645	12,728	13,369
Short term investments	45,882	47,460	43,181
Notes receivable	848	954	3,551
Accounts receivable, trade (net of allowances of 3,311 and 4,663 at Dec 31, 2006 and 2005, respectively)	35,234	46,859	40,727
Inventories	6,518	5,236	5,211
Current assets held-for-sale	857	-	-
Other current assets	10,026	11,462	9,595
<b>Total current assets</b>	<b>216,585</b>	<b>196,794</b>	<b>207,810</b>
Property, plant and equipment, net	1,857	1,911	2,374
Long term investment	1,787	1,765	1,729
Other assets	23,933	23,830	16,313
<b>Total Assets</b>	<b>244,162</b>	<b>224,300</b>	<b>228,226</b>
<b>LIABILITY AND STOCKHOLDERS EQUITY</b>			
<b>Current Liabilities:</b>			
Notes payable	4,045	4,608	1,807
Accounts payable	15,537	12,187	9,421
Accrued employee benefit	18,376	13,700	11,849
Deferred revenue	23,169	16,747	18,685
Income taxes payable	927	417	444
Other taxes payable	3,232	2,771	2,415
Current liabilities held-for-sale	227	-	-
Other current liabilities	16,188	17,381	15,981
<b>Total current liabilities</b>	<b>81,701</b>	<b>67,811</b>	<b>60,602</b>
<b>Stockholders' equity:</b>			
Common stock, 100,000,000 shares authorized; 0.01 par value, shares issued: 43,076,034 and 46,920,714 as at Dec 31, 2006 and 2005 respectively; shares issued and outstanding: 43,076,034 and 46,144,613 shares as at Dec 31, 2006 and 2005 respectively	431	428	469
Additional paid-in capital	195,881	194,791	215,201
Treasury stock, at cost: Dec 31, 2006: nil; Dec 31, 2005: 776,101	-	-	(4,027)
Accumulated deficit	(40,556)	(42,675)	(46,387)
Accumulated other comprehensive income	6,705	3,945	2,368
<b>Total stockholders' equity</b>	<b>162,461</b>	<b>156,489</b>	<b>167,624</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>244,162</b>	<b>224,300</b>	<b>228,226</b>

<sup>3</sup> December 31, 2005 balances were extracted from audited financial statements.

**ASIAINFO HOLDINGS, INC.**

**CONDENSED UNAUDITED STATEMENTS OF OPERATIONS AND TOTAL ASSETS FOR REPORTABLE SEGMENTS**

(Amounts in thousands of US\$)

	Three Months Ended								
	Dec 31, 2006			Dec 31, 2005			Sept 30, 2006		
	AsiaInfo Technologies	Lenovo -AsiaInfo	Total	AsiaInfo Technologies	Lenovo -AsiaInfo	Total	AsiaInfo Technologies	Lenovo -AsiaInfo	Total
<b>Revenues:</b>									
Software products and solutions	18,064	3,501	21,565	12,824	(391)	12,433	16,577	2,588	19,165
Service	3,354	137	3,491	3,551	(96)	3,455	3,855	251	4,106
Third party hardware	7,048	7	7,055	3,154	346	3,500	4,481	22	4,503
<b>Total revenues</b>	<b>28,466</b>	<b>3,645</b>	<b>32,111</b>	<b>19,529</b>	<b>(141)</b>	<b>19,388</b>	<b>24,913</b>	<b>2,861</b>	<b>27,774</b>
<b>Cost of revenues:</b>									
Software products and solutions	8,188	1,289	9,477	6,368	1,971	8,339	7,812	1,231	9,043
Service	1,890	446	2,336	2,549	329	2,878	2,228	314	2,542
Third party hardware	6,695	6	6,701	2,997	328	3,325	4,257	21	4,278
<b>Total cost of revenues</b>	<b>16,773</b>	<b>1,741</b>	<b>18,514</b>	<b>11,914</b>	<b>2,628</b>	<b>14,542</b>	<b>14,297</b>	<b>1,566</b>	<b>15,863</b>
<b>Gross profit</b>	<b>11,693</b>	<b>1,904</b>	<b>13,597</b>	<b>7,615</b>	<b>(2,769)</b>	<b>4,846</b>	<b>10,616</b>	<b>1,295</b>	<b>11,911</b>
<b>Business unit expenses:</b>									
Sales and marketing	4,637	1,827	6,464	3,639	1,639	5,278	4,035	1,548	5,583
General and administrative <sup>4</sup>	304	(212)	92	(149)	1,672	1,523	-	(266)	(266)
Research and development	3,281	431	3,712	3,074	812	3,886	3,317	499	3,816
Impairment of goodwill and acquired intangible assets	-	-	-	-	21,197	21,197	-	-	-
<b>Total business unit expenses</b>	<b>8,222</b>	<b>2,046</b>	<b>10,268</b>	<b>6,564</b>	<b>25,320</b>	<b>31,884</b>	<b>7,352</b>	<b>1,781</b>	<b>9,133</b>
<b>Contribution profit (loss)</b>	<b>3,471</b>	<b>(142)</b>	<b>3,329</b>	<b>1,051</b>	<b>(28,089)</b>	<b>(27,038)</b>	<b>3,264</b>	<b>(486)</b>	<b>2,778</b>
Corporate general and administrative			1,911			2,245			1,792
<b>Income (loss) from operations</b>			<b>1,418</b>			<b>(29,283)</b>			<b>986</b>

<sup>4</sup> General and administrative expenses reported reflect only the direct controllable expenses of each business unit and do not include allocation of corporate general and administrative expenses.

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## Fourth Quarter and Year End 2006 Conference Call

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142 The earnings announcement conference call will take place at 4:00pm Pacific Time/ 7:00pm  
143 Eastern Time (Beijing/Hong Kong Time: January 25, 2007 at 8:00am). The management team will  
144 be on the call to discuss results and highlights of the quarter, and answer questions. The dial-in  
145 number for U.S. callers is +1 866-549-1292, and +852 3005-2050 for Hong Kong and international  
146 callers. The passcode for the call is 620250.

147

148 A replay will be available from 7:00pm Pacific Time on January 24, 2007 until 7:00pm Pacific  
149 Time on February 3, 2007 by dialing +1 866-753-0743 for U.S. callers, or +852 3005-2020 for  
150 Hong Kong and international callers. The passcode for the replay is 130358.

151

152 Additionally, a live and archived web cast of this call will be available on the Investor Relations  
153 section of the AsiaInfo web site at [www.asiainfo.com](http://www.asiainfo.com).

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### 155 Reconciliation of Non-GAAP Measures

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157 This earnings release contains presentations of the following "Non-GAAP financial measures" as  
158 defined by the applicable U.S. securities regulations. The presentation of these non-GAAP  
159 financial measures is not meant to be considered in isolation or as a substitute for our financial  
160 results prepared in accordance with GAAP. The Non-GAAP financial measures are provided as  
161 additional information to help both management and investors compare business trends among  
162 different reporting periods on a consistent and more meaningful basis and enhance investors' overall  
163 understanding of the Company's current financial performance and prospects for the future.  
164 Pursuant to relevant regulatory requirements, we are providing the following reconciliations of the  
165 Non-GAAP financial measures to the nearest comparable GAAP measures.

166

167 (1) AsiaInfo's net revenue represents total revenue net of hardware costs that are passed through to  
168 our customers. We believe total revenues net of hardware costs more accurately reflects our core  
169 business, which is the provision of software solutions and services, and provides transparency to  
170 our investors. It is also the same measure used by our management to evaluate the competitiveness  
171 and development of our business.

172 Reconciliation of net revenue to the nearest GAAP financial measure (total revenue):

	2006 Q4	2006 Q3	2005 Q4
	(in thousands of US dollars)		
Net Revenue	25,410	23,496	16,063
Third Party Hardware Costs	6,701	4,278	3,325
<b>Total Revenues</b>	<b>32,111</b>	<b>27,774</b>	<b>19,388</b>

173

	FY 2006	FY 2005
	(in thousands of US dollars)	
Net Revenue	86,733	74,967
Third Party Hardware Costs	22,850	15,317
<b>Total Revenues</b>	<b>109,583</b>	<b>90,284</b>

174

175 (2) Non-GAAP net income and Non-GAAP basic EPS excludes certain non-cash expenses,  
 176 including share-based compensation, amortization of acquired intangible assets and impairment of  
 177 goodwill and acquired intangible assets. We believe that these non-GAAP financial measures  
 178 provide meaningful supplemental information regarding our performance and liquidity by  
 179 excluding certain non-cash expenses that may not be indicative of our operating performance from  
 180 a cash perspective. We believe that both management and investors benefit from referring to this  
 181 additional information in assessing our performance and when planning and forecasting future  
 182 periods. These non-GAAP financial measures also facilitate management's internal comparisons  
 183 to AsiaInfo's historical performance and liquidity.

184

185 Reconciliation of Non-GAAP net income to the nearest GAAP financial measure (GAAP net  
 186 income):

	2006 Q4	2006 Q3	2005 Q4
	(in thousands of US dollars)		
GAAP net income	2,119	2,005	(39,795)
Adjustments:			
- share-based compensation	393	138	45
- amortization of acquired intangible assets	575	561	285
- impairment of goodwill and acquired intangible assets	-	-	21,197
<b>Non-GAAP net income</b>	<b>3,087</b>	<b>2,704</b>	<b>(18,268)</b>
<b>Non-GAAP basic EPS</b>	<b>0.07</b>	<b>0.06</b>	<b>(0.40)</b>

187

	FY 2006	FY 2005
	(in thousands of US dollars)	
<b>GAAP net income</b>	<b>5,831</b>	<b>(37,169)</b>
Adjustments:		
- share-based compensation	803	48
- amortization of acquired intangible assets	1,506	1,541
- impairment of goodwill and acquired intangible assets	-	21,197
<b>Non-GAAP net income</b>	<b>8,140</b>	<b>(14,383)</b>
<b>Non-GAAP basic EPS</b>	<b>0.19</b>	<b>(0.32)</b>

188

189 **About AsiaInfo Holdings, Inc.**

190

191 AsiaInfo Holdings, Inc. (Nasdaq: ASIA) is a leading provider of high-quality software and  
 192 customer solutions to many of China's largest enterprises. In addition to providing software and  
 193 customer solutions to China's telecom carriers, the Company also offers a wide range of IT security  
 194 products and services to small, medium and large sized Chinese enterprises across multiple vertical  
 195 industries.

196

197 Organized as a Delaware corporation, AsiaInfo began operations in the United States in 1993. The  
 198 Company moved its major operations to China in 1995 and played a significant role in the  
 199 construction of the national Internet backbones and provincial access networks for all of China's  
 200 major national telecom carriers, including China Telecom, China Mobile, China Unicom and China  
 201 Netcom. Since 1998, AsiaInfo has continued to diversify its product offerings and is now a major  
 202 provider of enterprise software solutions in China.

203

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

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206 *The information contained in this document is as of January 24, 2007. AsiaInfo assumes no*  
207 *obligation to update any forward-looking statements contained in this document as a result of new*  
208 *information or future events or developments.*

209

210 *This document contains forward-looking information about AsiaInfo's operating results and*  
211 *business prospects that involve substantial risks and uncertainties. You can identify these statements*  
212 *by the fact that they use words such as "anticipate," "estimate," "expect," "project," "intend,"*  
213 *"plan," "believe," and other words and terms of similar meaning in connection with any*  
214 *discussion of future operating or financial performance. Among the factors that could cause actual*  
215 *results to differ materially are the following: government telecommunications infrastructure and*  
216 *budgetary policy in China; our ability to maintain our concentrated customer base; the long and*  
217 *variable billing cycles for our products and services that can cause our revenues and operating*  
218 *results to vary significantly from period to period; our ability to meet our working capital*  
219 *requirements; our ability to retain our executive officers; our ability to attract and retain skilled*  
220 *personnel; potential liabilities we are exposed to because we extend warranties to our customers;*  
221 *risks associated with cost overruns and delays; our ability to develop or acquire new products or*  
222 *enhancements to our software products that are marketable on a timely and cost-effective basis; our*  
223 *ability to adequately protect our proprietary rights; the competitive nature of the markets we*  
224 *operate in; political and economic policies of the Chinese government. A further list and*  
225 *description of these risks, uncertainties, and other matters can be found in our Annual Report on*  
226 *Form 10-K for the fiscal year ended December 31, 2005, and in our periodic reports on Forms*  
227 *10-Q and 8-K filed with the United States Securities and Exchange Commission and available at*  
228 [www.sec.gov](http://www.sec.gov).

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