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AsiaInfo Reports Fourth Quarter and Year End Results

Company Achieves Major Milestone of Positive EBITDA

Software Net Revenues Increase 192 percent

BEIJING/SANTA CLARA – January 18, 2001 - AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of communications software products and infrastructure solutions in China, today announced its fourth quarter and year-end results for the period ended December 31, 2000.

The company reported fourth quarter 2000 revenue net revenue (total revenue net of hardware costs) of US\$14.1 million, representing a 117 percent increase over net revenue of US\$6.5 million in the comparable fourth quarter of 1999 and a 6 percent sequential increase over the third quarter of 2000. Net income was US\$1.0 million, or basic earning per share \$0.025, for the fourth quarter of 2000 compared to a net loss of US\$3.8 million, or basic earning per share negative \$0.23, for the fourth quarter of 1999. During the fourth quarter of 2000, AsiaInfo achieved a significant milestone with the generation of positive EBITDA of US\$215,073. At the end of 2000, net revenue backlog was US\$36 million, representing a 100 percent increase over net revenue backlog at the same time a year ago.

Software revenue in the fourth quarter was a record US\$5.4 million, a 192 percent increase over US\$1.9 million in the same quarter of 1999 and a 10 percent sequential increase over US\$4.9 million in the quarter ended September 30, 2000. Software revenue represented 38 percent of total net revenue in the fourth quarter of 2000, compared to 29 percent of total net revenue in the fourth quarter of the year before.

Gross revenue for the fourth quarter of 2000 was US\$44.0 million, representing an increase of 268 percent over gross revenue of US\$12.0 million in the same period in 1999. Gross profit for the fourth quarter of 2000 was US\$10.9 million, representing an 11 percent sequential increase over last quarter's US\$9.8 million profit. Compared to the previous

quarter, the increase in gross profit, gross margin and positive EBITDA reflected growth in high margin software revenues, increased contribution from high-end network solutions and continued cost control.

During the fourth quarter, AsiaInfo made significant improvements in the collection of accounts receivable, reducing Days Sales Outstanding from 127 days in the third quarter of 2000 to 115 days in the fourth quarter, which resulted from the adoption of standard contracts and improved service delivery process.

For the full year 2000, net revenue was US\$44.6 million, a 77 percent increase over net revenue of US\$25.2 million in 1999. Net loss was US\$2.8 million, or \$0.07 per share. Software revenue was US\$16.6 million in 2000, representing 37 percent of total net revenue and a 155 percent increase over 1999 software revenue of US\$6.5 million. Full year 2000 gross revenue was \$176.1 million and gross profit was \$31.4 million.

“AsiaInfo continued its strong performance during the fourth quarter of 2000, capping a successful year in which net revenues grew by 77 percent,” stated President and CEO, James Ding. “During 2000, we implemented several key initiatives such as establishing two strategic business units – Software Products and Network Solutions, which will enable us to develop a stronger focus and create greater operating efficiency.”

“During the year, we expanded our high margin software business, as revenues increased 155 percent,” Ding continued. “Additionally, our customer base has been further diversified due to the deregulation of China’s telecommunications industry and our focus on meeting the needs of new players in the industry.”

Fourth Quarter Highlights

New Customer Wins

AsiaInfo established a new partnership in October with an emerging telecom services provider – JiTong Communications by winning a contract to provide system integration services for the client’s IP infrastructure Phase II expansion project.

Other new customer wins included a contract to provide Sichuan Broadcasting and Television Network Ltd., a provincial cable Internet operator, with AsiaInfo’s billing and messaging software products. This contract marks a breakthrough for AsiaInfo, as it enters the emerging Cable Internet market in China. AsiaInfo also signed a contract to provide a commercial subsidiary of the Ministry of Foreign Trade & Economic Cooperation (MOFTEC) with network solutions and IP/VoIP billing software for its national backbone project.

New Contracts from Existing Customers

Reflecting the success of AsiaInfo’s strategy of expanding existing customer relationships through the sale of high-end products and services, sales to existing telecommunication

providers continued to increase in the fourth quarter. Contracts signed with existing customers during the fourth quarter included:

- A US\$14.9 million contract with Beijing Telecom to increase its Internet infrastructure capacity
- A US\$5.2 million contract with Jiangsu Telecom for its Phase III expansion project
- A US\$1.6 million contract with Liaoning Telecom for its Phase IV expansion project
- Two contracts totaling US\$175,000 with Sichuan Telecom and Xizang Telecom for Marsec to provide network security services
- A contract with Jilin Mobile to provide messaging products and services
- A contract with China NetCom for the construction of its Beijing IP network.

Ding commented, “We are proud of AsiaInfo’s performance in the fourth quarter and the full year 2000. We begin 2001 in an excellent position to continue and expand our leadership role in the development of China’s Internet infrastructure. The strength of our balance sheet and our fiscal discipline will enable us to deliver increasing value to our shareholders and customers. We are well on our way to achieving positive operating income in the second quarter of 2001 and remain confident about our outlook going forward.”

Business Outlook

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

Full Year 2001 Guidance

AsiaInfo expects 2001 net revenue to increase in the range of 60 –65 percent over full year 2000, compared to the compound annual growth rate of net revenue of 54.4 percent between 1996 and 2000. Software revenue is expected to grow faster than net revenue at 70 – 80 percent year-over-year in 2001.

Sales and marketing expenses are expected to increase approximately 15 – 20 percent year over year and research and development expenses are expected to increase 50 – 60 percent over 2000. General and administration expenses are expected to remain at the same level as in 2000. Operating expenses for 2001 are expected to grow approximately 14 – 18 percent over 2000.

Operating profit for the year is expected to be approximately \$5 – 6 million.

Net income for 2001 is expected to be in the range of \$9 – 11 million, or \$0.20 to 0.24 per share.

First Quarter 2001 Guidance

The company expects net revenue for the first quarter of 2001 to increase approximately

140 –150 percent year-over-year. Software revenue will grow more rapidly at a year-over-year rate of approximately 170 –180 percent.

Gross revenue for the first quarter is expected to be 70 – 80 percent higher than that of the same period a year ago. Gross margin is expected to be in the range of 20 – 24 percent during the first quarter of 2001.

Operating expenses are expected to decrease approximately 3 – 5 percent over the fourth quarter of 2000.

Operating loss is expected to continue to narrow to \$0.7 –0.8 million. EBITDA is expected to remain positive.

AsiaInfo will continue to generate positive net income in the first quarter and expects earnings per share to be approximately \$0.01 – 0.02 per share.

Fourth Quarter and Year End 2000 Conference Call

AsiaInfo will host a conference call to discuss fourth quarter and year-end earnings at 8:00am EST/5:00am PST today (Beijing Time: January 18, 2001 at 9:00pm). The management team will discuss quarterly results and highlights, and answer questions. The dial-in number for the call is 973-633-6740. A replay will be available by dialing 877-780-2262 for US callers or 402-220-3104 for international callers between 8:00am EST on January 18, 2001 until 8:00am EST on January 25, 2001. Additionally, the conference call will be broadcast via the Internet and can be accessed from the investor relations section of AsiaInfo's corporate Web site at the address shown below.

About AsiaInfo Holdings, Inc.

AsiaInfo Holdings, Inc. (NASDAQ: ASIA) is a leading provider of telecom and Internet software products and infrastructure solutions 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.

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

	Three Months Ended Dec 31,		Year Ended Dec 31,	
	2000	1999	2000	1999
Revenues				
Network solutions	38,599	10,113	159,505	53,786
Software license	5,413	1,852	16,558	6,494
Total revenues	44,012	11,965	176,063	60,280
Cost of revenues				
Network solutions	33,088	8,427	144,654	41,959
Software license	15	1	44	4
Total cost of revenues	33,104	8,428	144,698	41,963
Gross profit	10,908	3,537	31,365	18,317
Gross margin	25%	30%	18%	30%
Operating expenses				
Sales and marketing	6,443	3,900	19,734	8,768
General and administrative	3,368	1,780	12,642	8,167
Research and development	1,541	845	5,974	2,838
Amortization of deferred stock compensation	458	698	2,209	3,507
Total operating expenses	11,810	7,223	40,559	23,281
(Loss) income from operations	(902)	(3,686)	(9,194)	(4,964)
Other income (expenses)				
Interest income	2,416	328	7,919	827
Interest expense	(138)	(166)	(1,033)	(617)
Other income, net	(80)	(181)	(272)	143
Total other income, net	2,198	(19)	6,614	352
Income before income taxes and minority interests	1,296	(3,705)	(2,579)	(4,612)
Income tax	286	86	218	383
Minority interests	13		32	84
Equity in loss of affiliate		(26)	0	(35)
Net (loss) income	1,024	(3,817)	(2,766)	(4,946)
Net (loss) income per share				
Basic	0.03	(0.23)	(0.07)	(0.34)
Diluted	0.02	(0.23)	(0.07)	(0.34)
Shares used in computation				
Basic	40,556,680	16,612,628	37,239,649	14,630,145
Diluted	44,190,092	16,612,628	37,239,649	14,630,145
Segment information				
Network solutions net of hardware cost	8,659	4,621	28,020	18,727
Software license	5,413	1,852	16,558	6,494
Consolidated revenues net of hardware cost	14,072	6,473	44,578	25,221
Consolidated cost of sales net of hardware cost	3,164	2,936	13,214	6,904
Consolidated gross margin	10,908	3,537	31,365	18,317

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

	Dec 31, 2000	Dec 31, 1999
ASSETS		
Current Assets		
Cash and cash equivalents	48,833,956	25,403,884
Restricted cash	26,733,179	12,189,794
Short term investment	110,400,000	
Accounts receivable, trade (net of allowance for doubtful accounts of \$640,269 and \$545,013 at Dec 31, 1999 and Dec 31, 2000 respectively)	55,597,496	21,928,036
Inventories	8,876,010	2,908,426
Other current assets	3,749,257	2,342,433
Total current assets	254,189,898	64,772,573
Property, plant, and equipment-net	6,339,751	2,183,545
Other assets	3,473,417	4,470,861
Total assets	264,003,066	71,426,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term bank loans	20,644,834	9,698,882
Accounts payable	42,037,151	11,867,188
Accrued employee benefit	10,019,624	4,810,650
Taxes payable	2,216,823	2,475,505
Deferred Revenue	12,501,524	495,470
Other current liabilities	7,785,695	2,291,113
Total current liabilities	95,205,651	31,638,808
Minority interest	188,044	
Stockholders' Equity:		
Convertible preferred stock:		
Series A: 3,000,000 shares authorized; \$0.01 par value; 2,160,864 shares issued and outstanding at December 31, 1999; 0 at December 31, 2000	0	21,609
Series B: 5,000,000 shares authorized at Dec 31, 1999; \$0.01 par value; 2,630,425 shares issued and outstanding at December 31, 1999; 0 at December 31, 2000	0	26,304
Common stock, 50,000,000 shares authorized; \$0.01 par value, shares issued and outstanding :1999, 25,532,144; December 31, 2000 40,822,940	408,229	255,321
Additional paid-in capital	175,370,544	46,118,424
Deferred stock compensation	(1,655,821)	(3,865,373)
Retained earnings (accumulated deficit)	(5,530,600)	(2,764,854)
Accumulated other comprehensive income (loss)	17,019	(3,260)
Total stockholders' equity	168,609,371	39,788,171
Total Liabilities and Stockholders' Equity	264,003,066	71,426,979

