



**ASIAINFO HOLDINGS, INC.**  
**BOARD OF DIRECTORS**  
**CORPORATE GOVERNANCE**  
**GUIDELINES**

## **Role of Board and Management**

The Board of Directors (the “Board”), which is elected by the stockholders, is the ultimate decision-making body of AsiaInfo Holdings, Inc. (the “Company”) except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of the Company’s business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility the directors may reasonably rely on the honesty and integrity of the Company’s senior management and expert legal, accounting, financial and other advisors.

## **Director Qualifications**

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, skills such as understanding of software, IT services, technology, finance and marketing, and international background - all in the context of an assessment of the perceived needs of the Board at that point in time. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions they can make. Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable Committee meetings.

## **Director Independence**

The Board believes that, as a matter of policy and consistent with applicable laws, rules and regulations, the Board should consist of a majority of independent directors. In no event will the Board consist of less than a majority of independent directors.

In making a determination regarding a director’s independence, the Board shall consider all relevant facts and circumstances, including the director’s commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may, in its discretion, determine relevant. A director will not be considered independent if he or she:

- is currently an officer or employee of the Company;
- has been an officer or employee of the Company (including any parent or subsidiary thereof) within the past three years;
- has received within the past three years more than \$120,000 during any twelve month period in direct compensation from the Company (other than fees for directors services; compensation paid to a “Family Member” (as defined by applicable Nasdaq rules) who is a non-executive employee of the Company or a

parent or subsidiary thereof; benefits under a tax-qualified retirement plan, or non-discretionary compensation);

- is a current partner of the Company's auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during the past three years;
- has been employed as an executive officer of another company where any of the Company's executives served on the other company's compensation committee during the past three years;
- is a partner, controlling shareholder or executive officer of any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than payments arising solely from investments in the Company's securities, or payments under non-discretionary charitable contribution matching programs;
- has any immediate "Family Members" (as defined by applicable Nasdaq rules) who would be covered under any of the above provisions (other than being a non-executive employee of the Company) during the past three years.

In addition to satisfying all of the independence criteria set forth above, no member of the Audit Committee may

- receive any consulting, advisory or other compensatory fees from the Company or any of its subsidiaries (other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other committee of the Board), or
- be an "affiliated person" of the Company or any of its subsidiaries (as defined by the Securities and Exchange Commission), except as a director of the Company.

### **Limits on Director Outside Activities**

Directors must be willing to devote sufficient time to carry out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Each Board member is expected to ensure that other existing and planned future commitments do not conflict with or materially interfere with the member's service as a director. Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict.

Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to the Board, and other directors should not serve on more than five other boards of public companies in addition to the Company's board. Current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the director's service on the Company's board.

## **Change in Director Responsibilities**

Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities, which is reasonably expected to interfere materially with their responsibilities to the Board or the Company.

## **Retirement Age**

The Board does not believe that a fixed retirement age for directors is appropriate.

## **Term Limits**

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

As an alternative to term limits, the Nominating and Corporate Governance Committee, in conjunction with the Chief Executive Officer, will formally review each Director's continuation on the Board every five years. This will also allow each Director the opportunity to confirm his/her desire to continue as a member of the Board.

## **Size of Board**

The Board reviews from time to time the appropriate size of the Board. The Board will consider changing its size, within the limits set forth in the Company's Bylaws, to accommodate outstanding candidates or to satisfy specific governance needs.

## **Presiding Director; Lead Director Concept**

The Presiding Director shall be the Chairman of the Board, if present, or in his absence, the Chair of the Nominating and Corporate Governance Committee, or in such person's absence, the independent director present who has the most seniority on the Board.

The Chairman of the Board shall receive, distribute to the Board and arrange responses to communications from stockholders and shall be identified as the recipient of such communications in the annual meeting proxy statement.

We do not believe that it is either necessary or desirable to establish a lead director. The Chairman of the Board, who presides at all meetings of the Board, takes the lead role in the boardroom. The Chairman of the various Board Committees takes the lead on matters falling within their purview that should not involve the Chief Executive Officer.

## **Separation of Chairman and CEO**

The Board elects its Chairman and appoints the Company's Chief Executive Officer according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and CEO should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Corporation.

### **Executive Sessions of Independent Directors**

The independent directors of the Board will meet in Executive Session at least two times each year, after a regularly scheduled Board meeting, and at any other time requested by any independent director. The Chairman of the Board, provided he or she is an independent director, shall be responsible for calling and presiding over executive sessions. To the extent that the Chairman of the Board is not an independent director, those responsibilities shall be carried out by the Chairman of the Nominating and Corporate Governance Committee.

### **Board Access to Management**

The independent members of the Board shall have access to, and are encouraged to contact, Company employees in order to obtain the information necessary to fulfill their duties. The Board may establish a process for such inquiries. Management is encouraged to invite Company employees to Board meetings where management participation will provide the Board with additional insight into the matters being considered.

### **Retention of Advisors/Consultants**

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate, and shall have the authority to obtain advice, reports or opinions from internal and external counsel and advisors, without consulting with or obtaining approval from any officer of the Company.

### **Board and Committee Evaluation**

The Board and each committee will perform an annual self-evaluation. Each December the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve to the Nominating and Corporate Governance Committee. The individual assessments will be summarized by the Committee and reported for discussion to the full Board and the committees promptly. The Nominating and Corporate Governance Committee should also report its assessment of the Board's compliance with these principles set forth in these guidelines as well as identification of areas in which the Board or committees could improve performance.

### **Director Nomination Process**

The Nominating and Corporate Governance Committee will review annually the results of the evaluation of the Board and its committees, and the needs of the Board for various skills,

experience, expected contributions and other characteristics in determining the director candidates to be nominated at the annual meeting. The Nominating and Corporate Governance Committee will evaluate candidates for directors proposed by directors, stockholders or management in light of the Committee's views of the current needs of the Board for certain skills, experience or other characteristics, the candidate's background, skills, experience, other characteristics and expected contributions and the qualification standards established from time to time by the Nominating and Corporate Governance Committee. If the Nominating Committee believes that the Board requires additional candidates for nomination, the Committee will engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee. In making the determinations regarding nominations of directors, the Nominating and Corporate Governance Committee may take into account the benefits of diverse viewpoints as well as the benefits of a constructive working relationship among directors.

### **Communications by Stockholders with Directors**

Stockholders may communicate with any and all Company directors by transmitting correspondence by mail, facsimile or email, addressed as follows:

Chairman of the Board  
or Board of Directors  
c/o Corporate Secretary  
4th Floor, Zhongdian Information Tower  
6 Zhongguancun South Street, Haidian District  
Beijing 1000086, China  
Fax: +8610 8216 6655 or  
Email Address: shanhua@asiainfo.com

The Corporate Secretary shall maintain a log of such communications and transmit as soon as practicable such communications to the identified director addressee(s), unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by the Corporate Secretary. The Board or individual directors so addressed shall be advised of any communication withheld for safety or security reasons as soon as practicable. The Corporate Secretary shall relay all communications to directors absent safety or security issues.

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules.

### **Director Compensation**

On an annual basis, the Compensation Committee shall review the compensation for non-employee directors. The Compensation Committee shall be responsible for recommending to the full Board changes in the compensation for non-employee directors, and shall be guided by the following goals:

- directors should be fairly compensated for the work required in discharge of their duties;
- compensation should align the directors' interests with the long-term interests of stockholders; and
- the compensation policy should be easy for stockholders to understand.

### **Stock Ownership/Guidelines**

While the Board does not establish the level of share ownership for individual directors, the board believes that directors should be stockholders in order to align their interests with the long-term interests of the Company's stockholders.

### **Director Education and Orientation**

The Nominating and Corporate Governance Committee shall develop and maintain an orientation program for new directors that shall include meetings with senior management and visits to the Company's facilities. Incumbent directors shall also be invited to attend the orientation program. All directors will comply with any continuing education requirements developed by the Nasdaq rules.

### **Committees**

The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. All members of these committees will be independent directors under the criteria established by Nasdaq. The Board may from time to time establish additional committees as necessary or appropriate. Committee members will be appointed by the Board upon the recommendation of the Nominating and Corporate Governance Committee. Consideration should be given to rotating committee members periodically, but rotation should not be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes of the committees as well as qualifications for committee membership. The charters shall be posted on the Company's website.

The Chairman of each committee, in consultation with the committee members and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

### **CEO Evaluation**

The Compensation Committee conducts a review at least annually of the performance of the CEO. The Compensation Committee shall establish the evaluation process and determine the specific criteria on which the performance of the CEO is evaluated.

## **Succession Planning**

The Nominating and Corporate Governance Committee shall conduct a periodic review of the Company's succession planning, including policies and principles for CEO selection and succession in the event of an emergency or the retirement of the CEO. The Committee shall report its recommendation to the Board. The Nominating and Corporate Governance Committee shall evaluate and nominate potential successors to the Board as required by circumstances.