

AsiaInfo:

Building the Internet in China

Edward S. Tian, CEO
AsiaInfo Holdings, Inc.

Topics

- Mission Statement
- China Internet / Intranet
 - growth
 - trends
- AsiaInfo
 - background
 - strategy

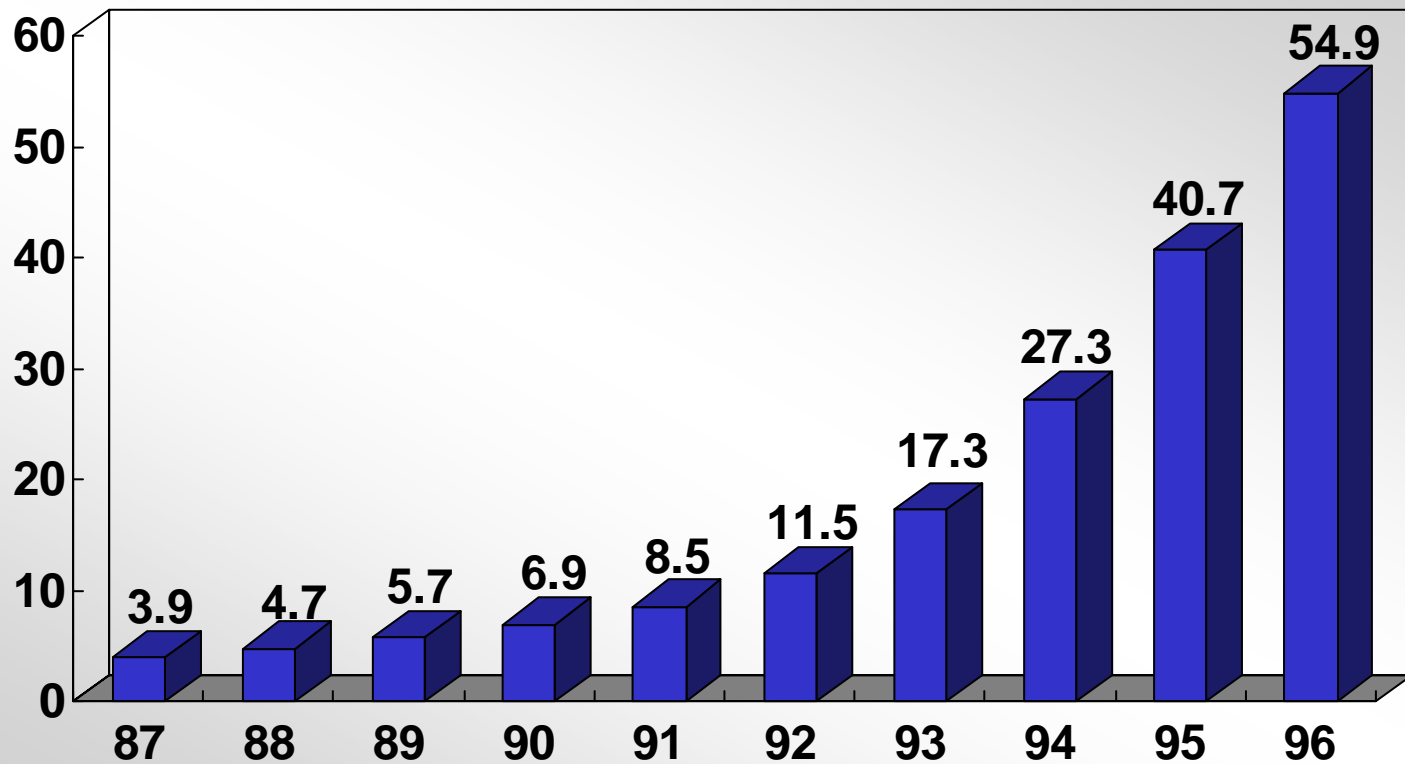
AsiaInfo Mission Statement

To become the leading
China-based technology
company, providing total Internet /
Intranet network solutions, including
system design and buildout, training
and customized software

Internet Growth

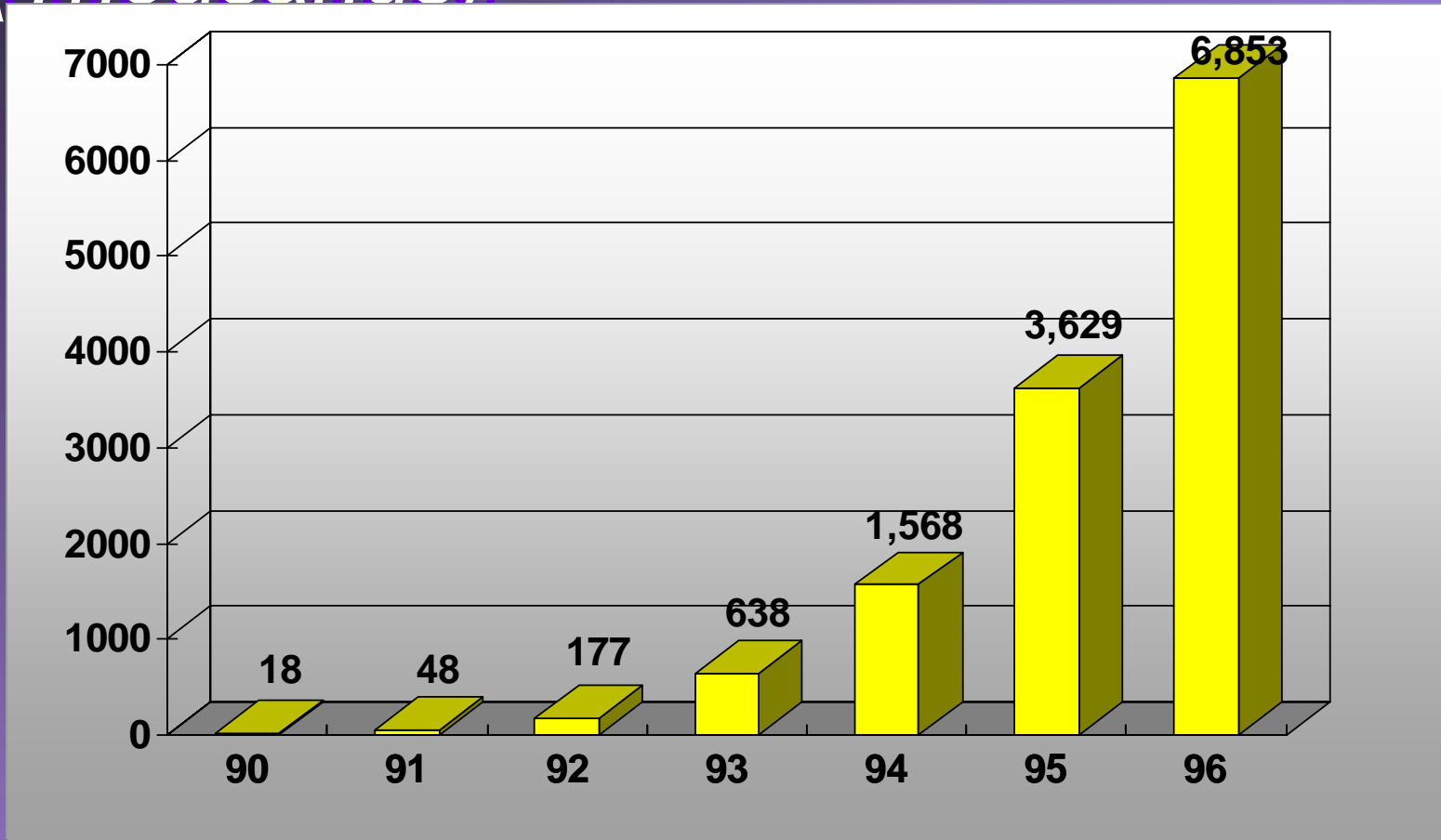
- *End-user demand:* Internet usage expected to match explosive growth in telecom / mobile use
- *Government priority:* MPT plans to spend \$60 billion on telecom infrastructure in current 5 year plan (1996-2000)
- *Corporate demand:* MEI projects Chinese enterprises will invest \$12 billion in intranet systems in the next 4 years

Fixed Line Growth (Millions)

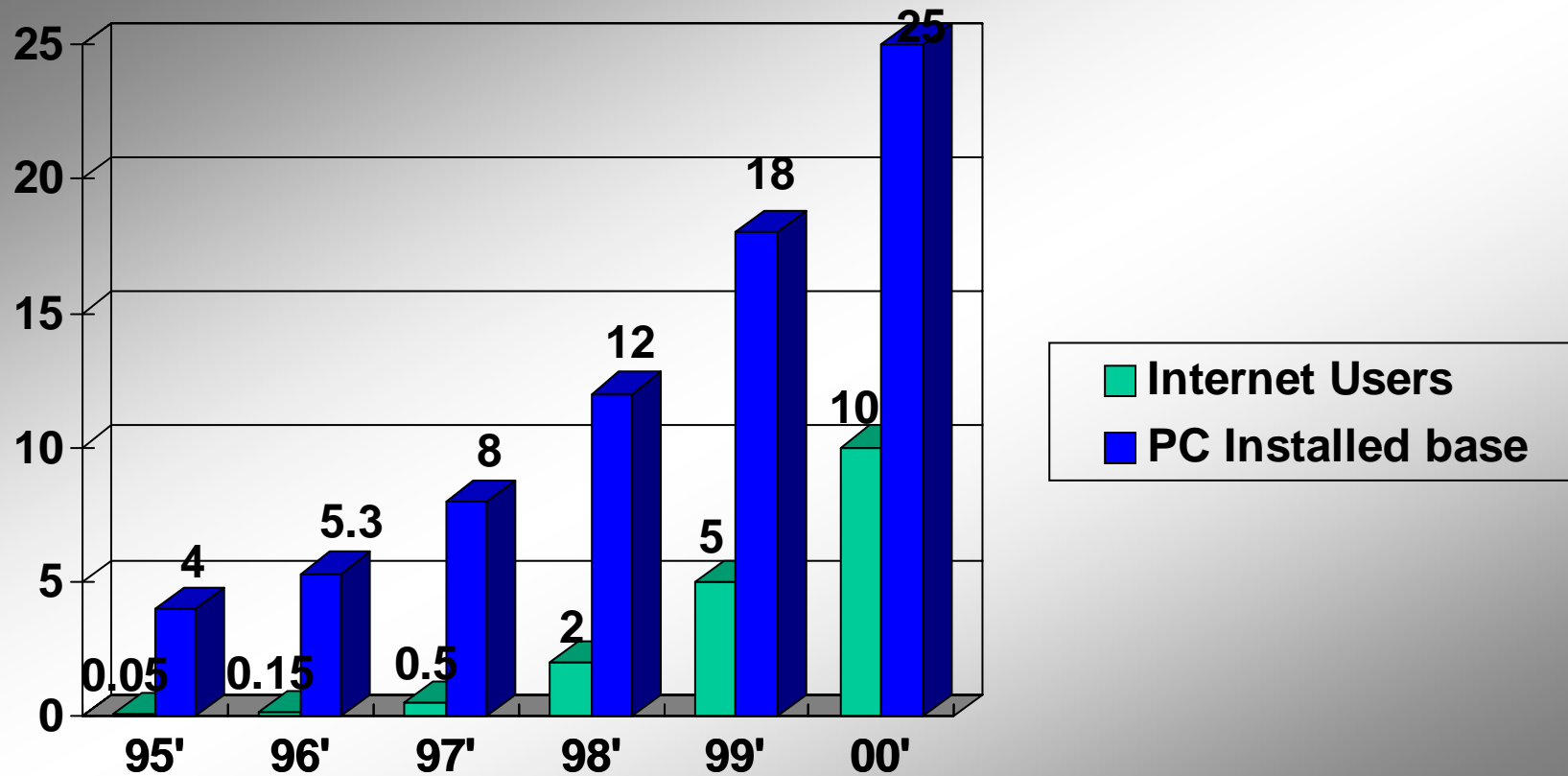


Mobile Phone User Growth

(Thousands)



Internet User Growth (Millions)

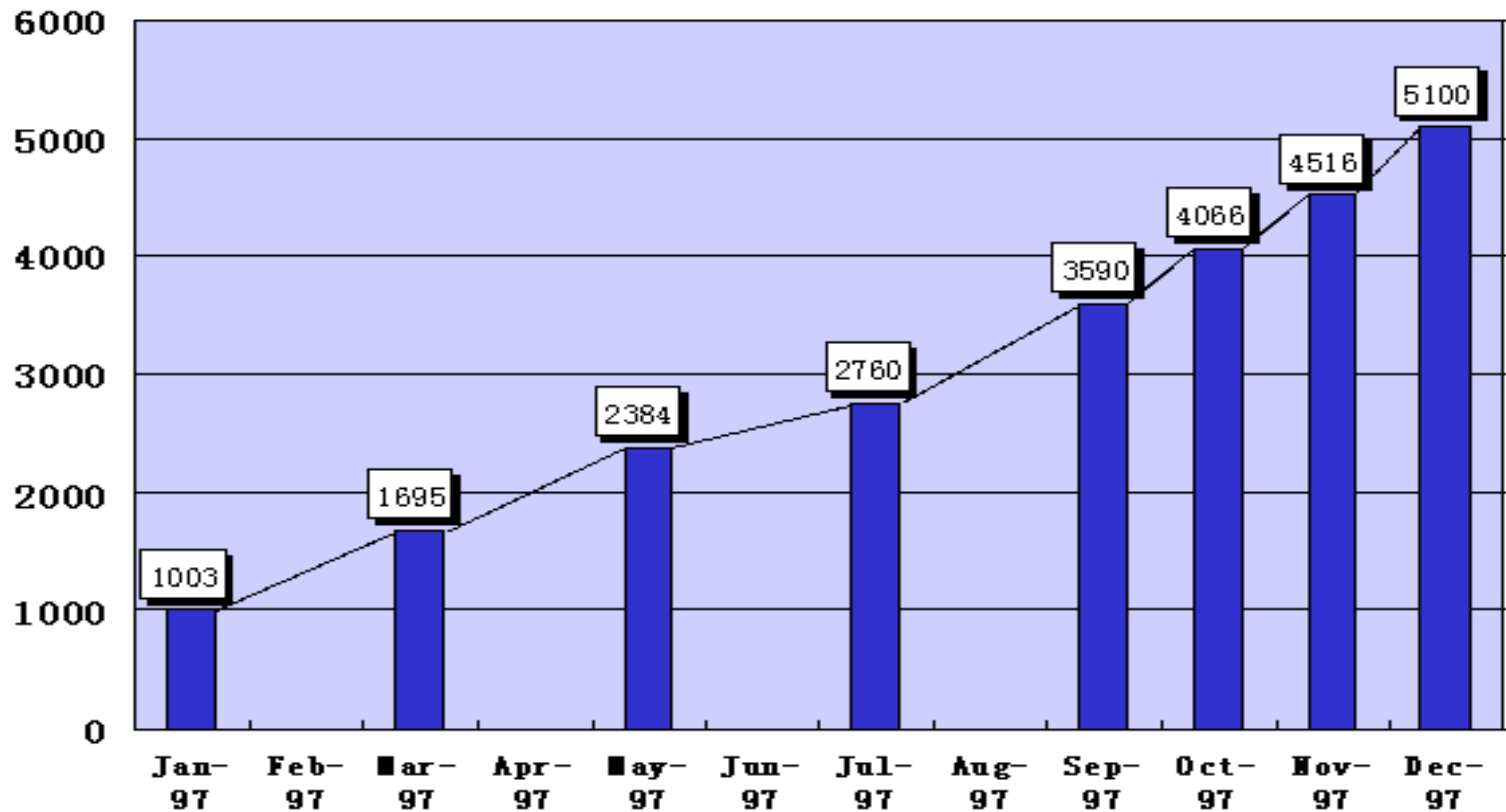


Host / Domain Growth

| | June 1997 (Computer Times) | March 1998 (CNNIC) |
|--------------------|-------------------------------|-----------------------|
| Connected Hosts | 50, 000 | 299, 000 |
| Direct Connections | 17, 000 | 49, 000 |
| Dial-up Hosts | 33, 000 | 250, 000 |
| Users | 150, 000+ | 620, 000 |
| Domains | 2, 300 | 4, 066 |
| ac | | 259 |
| com | | 2, 131 |
| edu | | 325 |
| net | | 370 |
| Govnt | | 323 |
| Org | | 99 |
| Adm. | | 599 |

China Internet Network Information Center

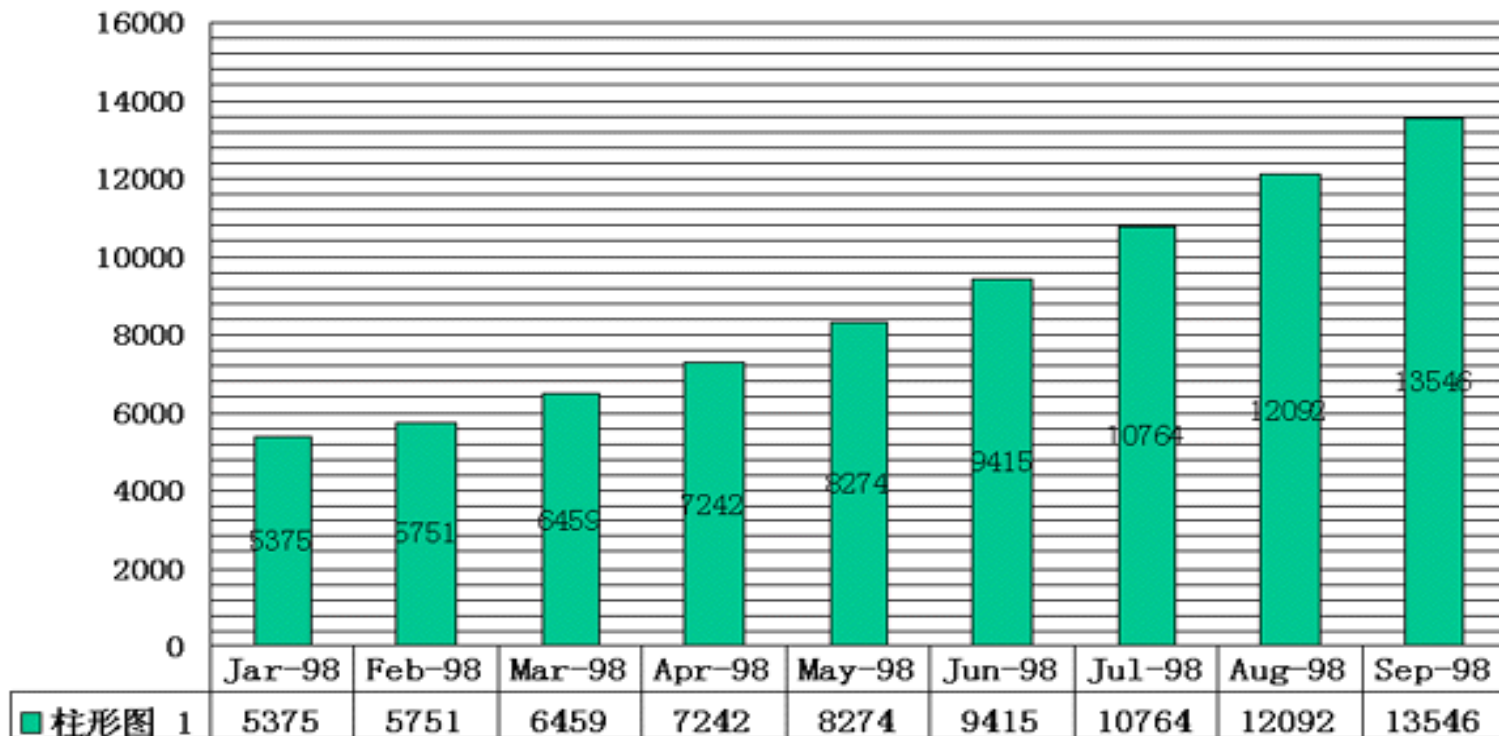
The Trend of Domain Name in 1997



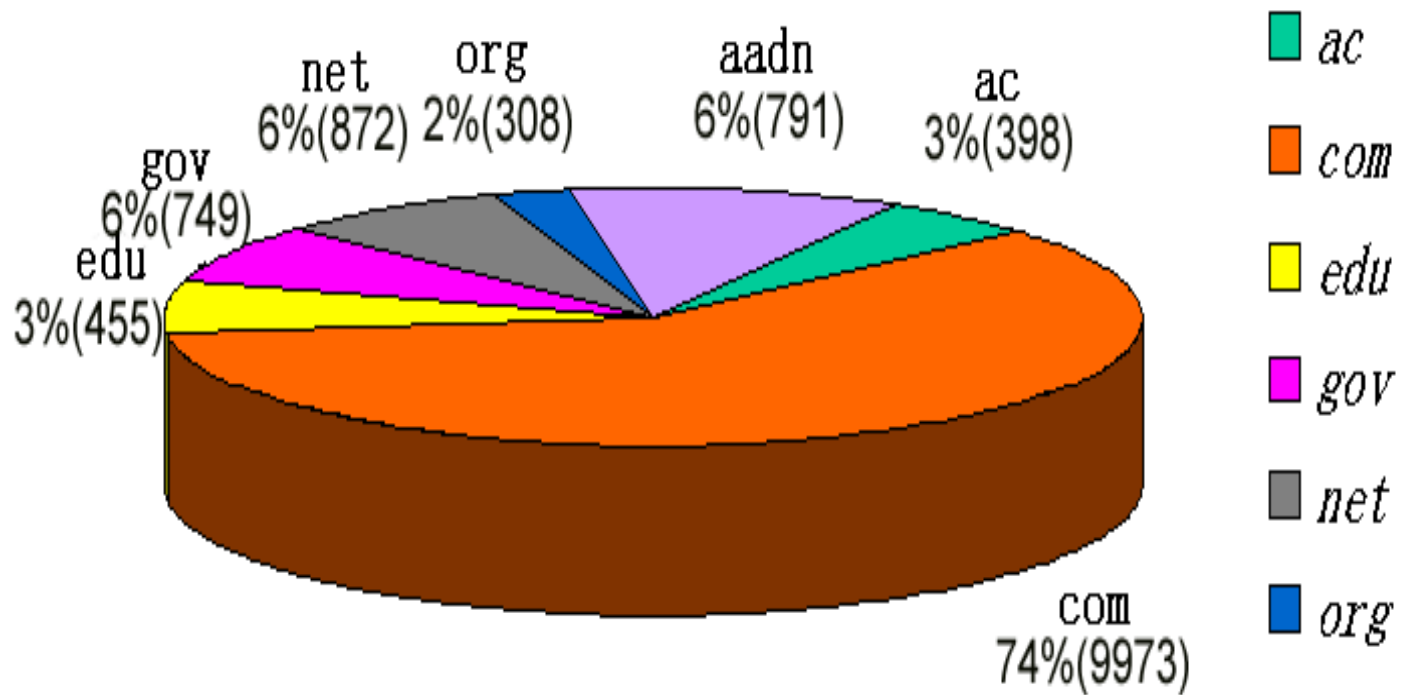
1997年域名增长趋势图

The Trend of Domain Name in 1998

1998年域名增长趋势图



Distribution of Domain Name



98年9月域名分布情况

(行政区域名)

Internet Future in China

- Bandwidth problem will be solved.
- Communication cost will be done.
- New access technology.
- Number of Internet will reach 10 millions I next 3-4 years.

Bandwidth Problem Will Be Solved

■ Sino-American Ocean Optical Fiber (To be finished in 1999)

- 9 Landing Points , 14 Companies Involved
- 4 Pairs of Optical Fiber , 80Gbps ,
- 4M Telephone Lines Simultaneously
- Investment: \$1.1B

Cost Projection :

Suppose : Investment Return in 3 years ;

Total Time/Day/User at 4 Hours

Result : Total Phone Time in 3 years : 1051.2B Minutes

Investment (RMB) : $1.1 * 8.3 = \text{RMB}9.13\text{B}$




IDD Rate : RMB0.0087 /Minute

Plus Switcher & Maintain Cost : <RMB0.0174/Minute

New Generation Information Terminal

- Various Access
 - Set-up Boxes, Net-VCD
- Mobility
 - Web Mobile Phone
- Personalization
 - Voice Recognition

Future of China Internet Market

-  **1-3 years:**
 - continued rapid buildout of networks(ICP,ISP)
 - limited purchasing power for software/services (except telecom and banking industries)
-  **3-5 years:** Increasing corporate demand for Intranet buildout, software and services
-  **5 years:**
 - World's second largest Internet market, 10 -20 million Internet users
 - Enterprise software and EC

China Internet Market: Major Players

- State-owned Internet Firm: good government's support
- Private Internet Company: Dynamic management
- Multinational: Aggressive / short term focus, oversimplified approach to partnerships & market --
AsiaInfo: good reputation for technical ability, entrepreneurial management, long-term strategy

AsiaInfo

- Leading Internet /Intranet systems integrator in China
- Dominant share of national and provincial Internet backbone design and build market
- Owned and managed by U.S. educated Chinese nationals
- Moving to develop proprietary software products and services

AsiaInfo: Major Milestones

- **June 1993:** Incorporated in Texas
- **October 1994:** won ChinaNet pilot project sub-contract from Sprint International
- **November 1995:** won tender for ChinaNet (phase 1), design / construction of national ISP backbone

AsiaInfo: Major Milestones

- **In 1996:** won 17 major system integration projects, 70% of Internet network market share
- **In 1997:** software products gain market leader position, maintain over 60% of SI market share

Products & Services

- Internet / Intranet network design and implementation (TCP/IP, Frame Relay, ATM)
- Network applications: network tool software, roaming, user management and billing
- Industry focus on telecom and banking: Internet / wireless billing, E - banking and E - commerce
- Technical training and facility management