

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

A. The Company

(a) Long positions in the shares of the Company

Name of Directors	Capacity	Number of shares of the Company				Total	Approximate percentage of shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Sing Wang	Beneficial owner	10,000,000	–	–	–	10,000,000	0.26%
	Interest of a controlled corporation (Note 1)	–	–	5,898,000 (Note 2)	–	5,898,000	0.15%
Wang Lei Lei	Beneficial owner	300,000	–	–	–	300,000	0.01%

Notes:

- By virtue of the SFO, Mr. Sing Wang is deemed to be interested in 5,898,000 shares of the Company held by Amerinvest Technology Associates I Limited, which is wholly-owned by him.
- All the 5,898,000 shares of the Company have been pledged as a security against his personal loan.

(b) Rights to acquire shares of the Company

Pursuant to the Pre-IPO Share Option Plan and/or the Old Option Scheme, certain Directors were granted share options to subscribe for the shares of the Company, details of which as at 30 June 2005 were as follows:

Name of Directors	Date of grant	Number of share options outstanding as at 30 June 2005	Option period	Subscription price per share of the Company HK\$
Sing Wang	30/6/2000	3,000,000 <i>(Note 1)</i>	30/6/2000-29/6/2010	5.27
	8/8/2000	2,138,000 <i>(Note 2)</i>	8/8/2000-7/8/2010	5.30
	7/2/2002	20,000,000 <i>(Note 3)</i>	7/2/2002-6/2/2012	3.76
	9/10/2003	38,000,000 <i>(Note 4)</i>	9/10/2003-8/10/2013	2.505
Tommei Tong	9/10/2003	15,000,000 <i>(Note 5)</i>	9/10/2003-8/10/2013	2.505
James Sha	15/11/2000	15,000,000 <i>(Note 6)</i>	15/11/2000-14/11/2010	5.30
Wang Lei Lei	11/2/2000	9,080,000 <i>(Note 7)</i>	11/2/2000-10/2/2010	1.78
	9/10/2003	6,850,000 <i>(Note 8)</i>	9/10/2003-8/10/2013	2.505

Notes:

- The options have vested on 30 June 2001.
- The options have vested on 8 August 2001.
- The options have vested in three tranches in the proportion of 40%:30%:30% on 8 February 2002, 1 June 2002 and 1 June 2003 respectively.
- The options will vest in four tranches. The first tranche of 20,000,000 options, the second tranche of 6,000,000 options and the third tranche of 6,000,000 options have vested on 10 October 2003, 1 June 2004 and 1 June 2005 respectively. The fourth tranche of 6,000,000 options will vest on 1 June 2006.

5. The options will vest in three tranches in the proportion of 1/3:1/3:1/3. The first and second tranches of the options have vested on 17 March 2004 and 17 March 2005 respectively. The third tranche of the options will vest on 17 March 2006.
6. The options have vested in three tranches in the proportion of 20%:30%:50% on 15 November 2001, 15 November 2002 and 15 November 2003 respectively.
7. The options have vested in three tranches in the proportion of 20%:30%:50% on 11 February 2001, 11 February 2002 and 11 February 2003 respectively.
8. The options will vest in four tranches. The first tranche of 850,000 options, the second tranche of 2,000,000 options and the third tranche of 2,000,000 options have vested on 10 October 2003, 1 February 2004 and 1 February 2005 respectively. The fourth tranche of 2,000,000 options will vest on 1 February 2006.

Save as disclosed above, during the six months ended 30 June 2005, none of the Directors or their Associates was granted options to subscribe for shares of the Company, nor had exercised such rights. No option granted to the above Directors was lapsed or cancelled during the six months ended 30 June 2005.

B. Associated corporations (within the meaning of the SFO)

(a) Long positions in the shares of TOM Online

Name of Directors	Capacity	Number of shares of TOM Online				Total	Approximate percentage of shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Sing Wang <i>(Note)</i>	Interest of a controlled corporation	–	–	83,142	–	83,142	0.002%
Wang Lei Lei	Beneficial owner	5,000,000	–	–	–	5,000,000	0.119%

Note: By virtue of the SFO, Mr. Sing Wang is deemed to be interested in 83,142 shares of TOM Online held by Amerinvest Technology Associates I Limited, which is wholly-owned by him.

(b) Rights to acquire shares of TOM Online

Pursuant to the pre-IPO share option plan adopted by TOM Online, a Director was granted share options to subscribe for the shares of TOM Online, details of which as at 30 June 2005 were as follows:

Name of Director	Date of grant	Number of share options outstanding as at 30 June 2005	Option period	Subscription price per share of TOM Online HK\$
Wang Lei Lei	16/2/2004	165,000,000	16/2/2004-15/2/2014	1.50
		(Note)		

Note: The options will vest in five tranches in the proportion of 10%:15%:20%:25%:30%. The first and second tranches of the options have vested on 12 April 2004 and 16 February 2005 respectively. The third, fourth and fifth tranches of the options will vest on 16 February 2006, 16 February 2007 and 16 February 2008 respectively.

(c) Short positions in associated corporations

Mr. Wang Lei Lei has as of 12 June 2001 (as supplemented on 26 September 2003) granted an option to a subsidiary of the Company in respect of his 20% (RMB2,200,000) equity interest in Beijing Lei Ting whereby such subsidiary of the Company has the right at any time within a period of 10 years commencing from 26 September 2003 (which may be extended for another 10 years at the option of such subsidiary of the Company) to acquire all of Mr. Wang Lei Lei's equity interest in Beijing Lei Ting at an exercise price of RMB2,200,000.

Mr. Wang Lei Lei has also as of 19 November 2003 granted an option to a subsidiary of the Company in respect of his 80% (RMB8,000,000) equity interest in LTWJi whereby such subsidiary of the Company has the right at any time within a period of 10 years commencing from 19 November 2003 (which may be extended for another 10 years at the option of such subsidiary of the Company) to acquire all of Mr. Wang Lei Lei's equity interest in LTWJi at an exercise price of RMB8,000,000.

Save as disclosed above, none of the Directors or their Associates had, as at 30 June 2005, any interests or short positions in any shares, underlying shares or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

A. The Company

As at 30 June 2005, options to subscribe for an aggregate of 184,663,000 shares of the Company granted pursuant to the Pre-IPO Share Option Plan and the Old Option Scheme were outstanding. Details of which were as follows:

(a) Pre-IPO Share Option Plan

As at 30 June 2005, options to subscribe for an aggregate of 16,196,000 shares of the Company were outstanding and these options relate to the options granted to 3 persons who were employees of the Group at the date of grant. Details of which were as follows:

	Date of grant	Number of share options				Outstanding as at 30 June 2005	Option period	Subscription price per share of the Company HK\$
		Outstanding as at 1 January 2005	Exercised during the period	Lapsed during the period	Cancelled during the period			
Director	11/2/2000	9,080,000	-	-	-	9,080,000 <i>(Note)</i>	11/2/2000 – 10/2/2010	1.78
Employees (including ex-employees)	11/2/2000	7,116,000	-	-	-	7,116,000 <i>(Note)</i>	11/2/2000 – 10/2/2010	1.78
Total:		16,196,000	-	-	-	16,196,000		

Note: The options have vested in three tranches in the proportion of 20%:30%:50% on 11 February 2001, 11 February 2002 and 11 February 2003, respectively.

(b) Old Option Scheme

As at 30 June 2005, options to subscribe for an aggregate of 168,467,000 shares of the Company which were granted to certain Directors, continuous contract employees and ex-employees of the Group were outstanding. Details of which were as follows:

	Date of grant	Outstanding as at 1 January 2005	Number of share options				Outstanding as at 30 June 2005	Option period	Subscription price per share of the Company HK\$
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Directors <i>(Note 1)</i>	30/6/2000	3,000,000	-	-	-	-	3,000,000	30/6/2000 – 29/6/2010	5.27
	8/8/2000	2,138,000	-	-	-	-	2,138,000	8/8/2000 – 7/8/2010	5.30
	15/11/2000	15,000,000	-	-	-	-	15,000,000	15/11/2000 – 14/11/2010	5.30
	7/2/2002	20,000,000	-	-	-	-	20,000,000	7/2/2002 – 6/2/2012	3.76
	9/10/2003	59,850,000	-	-	-	-	59,850,000	9/10/2003 – 8/10/2013	2.505
Employees (including ex-employees)	23/3/2000	2,068,000	-	-	84,000	-	1,984,000 <i>(Note 2)</i>	23/3/2000 – 22/3/2010	11.30
	31/5/2000	2,332,000	-	-	-	2,332,000	-	31/5/2000 – 30/5/2010	4.685
	26/6/2000	886,000	-	-	64,000	-	822,000 <i>(Note 3)</i>	26/6/2000 – 25/6/2010	5.89
	8/8/2000	13,488,000	-	-	46,000	1,710,000	11,732,000 <i>(Note 4)</i>	8/8/2000 – 7/8/2010	5.30
	7/2/2002	10,000,000	-	-	-	10,000,000	-	7/2/2002 – 6/2/2012	3.76
	9/10/2003	43,995,000	-	-	40,000	14,000	43,941,000 <i>(Note 5)</i>	9/10/2003 – 8/10/2013	2.505
	16/2/2004	10,000,000	-	-	-	-	10,000,000 <i>(Note 6)</i>	16/2/2004 – 15/2/2014	2.55
Total:		182,757,000	-	-	234,000	14,056,000	168,467,000		

Notes:

- Details of the options granted to the Directors are set out in the section headed "Directors' Interest and Short Positions in Shares, Underlying Shares and Debentures" above.
- The options will vest in two tranches in the proportion of 50%:50%. The first tranche of the options has vested on 23 March 2005 and second tranche of the options will vest on 23 March 2006.
- The options will vest in two tranches in the proportion of 50%:50%. The first tranche of the options has vested on 26 June 2005 and the second tranche of the options will vest on 26 June 2006.
- The options have vested on (i) 8 August 2001 or (ii) 8 August 2001 and 8 August 2002.
- For certain grantees, all the options have vested on 10 October 2003.
 - For certain grantees, the options have vested in two tranches. The first tranche of the options has vested on 10 October 2003 and the second tranche of the options has vested on the anniversary of their respective joining dates with the Group in 2004.
 - For certain grantees, the options will vest in three to four tranches. The first tranche of the options has vested on 10 October 2003 and the remaining tranches of the options will vest on the anniversaries of their respective joining dates with the Group in 2004 and 2005 or 2004, 2005 and 2006 (as the case may be).

- (iv) For certain grantees, the options will vest in three tranches in the proportion of 1/3:1/3:1/3. The first tranche of the options has vested on the anniversaries of their respective joining dates with the Group in 2004, the second and third tranches of the options will vest on the anniversaries of their respective joining dates with the Group in 2005 and 2006.
6. The options will vest in four tranches in the proportion of 1/4:1/4:1/4:1/4. The first tranche of the options has vested on 16 February 2005, the second, third and fourth tranches of the options will vest on 16 February 2006, 16 February 2007 and 16 February 2008 respectively.

(c) New Option Scheme

No option has been granted pursuant to the New Option Scheme since its adoption.

B. TOM Online

As at 30 June 2005, options to subscribe for an aggregate of 273,828,914 shares of TOM Online pursuant to the pre-IPO share option plan and the share option scheme of TOM Online were outstanding. Details of which were as follows:

(a) Pre-IPO share option plan of TOM Online

As at 30 June 2005, options to subscribe for an aggregate of 255,828,914 shares of TOM Online which were granted to a Director, continuous contract employees and ex-employees of the Group were outstanding. Details of which were as follows:

	Date of grant	Number of share options					Outstanding as at 30 June 2005	Option period	Subscription price per share of TOM Online HK\$
		Outstanding as at 1 January 2005	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Director	16/2/2004	165,000,000	-	-	-	-	165,000,000 <i>(Note 1)</i>	16/2/2004 – 15/2/2014	1.50
Employees (including ex-employees)	16/2/2004	97,425,040	-	-	6,596,126	-	90,828,914 <i>(Note 2)</i>	16/2/2004 – 15/2/2014	1.50
Total:		<u>262,425,040</u>	<u>-</u>	<u>-</u>	<u>6,596,126</u>	<u>-</u>	<u>255,828,914</u>		

Notes:

- Details of the options granted to the Director are set out in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above.
- The options granted to two grantees will vest in four tranches in the proportion of 15%:25%:30%:30%. The first tranche of the options has vested on 16 February 2005, the second, third and fourth tranches of the options will vest on 16 February 2006, 16 February 2007 and 16 February 2008 respectively.

For certain grantees, the options will vest in four tranches in the proportion of 10%:30%:30%:30%. The first and second tranches of the options have vested on 12 April 2004 and 16 February 2005 respectively, the third and fourth tranches of the options will vest on 16 February 2006 and 16 February 2007 respectively.

For certain grantees, the options have vested on (i) 12 April 2004 or (ii) 12 April 2004 and 16 February 2005.

(b) Share option scheme of TOM Online

As at 30 June 2005, options to subscribe for 18,000,000 shares of TOM Online which were granted to a continuous contract employee of the Group were outstanding. Details of which were as follows:

	Date of grant	Outstanding as at 1 January 2005	Number of share options				Outstanding as at 30 June 2005	Option period	Subscription price per share of TOM Online HK\$
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Employee	11/5/2005	-	18,000,000	-	-	-	18,000,000 <i>(Note 1)</i>	11/5/2005 – 10/5/2015	1.204 <i>(Note 2)</i>

Notes:

- The options will vest in four tranches in proportion of 15%:25%:30%:30% on 11 May 2006, 11 May 2007, 11 May 2008 and 11 May 2009 respectively.
- The closing price of the shares of TOM Online immediately before the date on which the options were granted was HK\$1.22.

VALUATION OF SHARE OPTIONS

The Group accounts for share-based employee compensation arrangement in accordance with provisions of Hong Kong Financial Reporting Standards (“HKFRS”) 2 “Share-based Payments” issued by the Hong Kong Institute of Certified Public Accountants. Pursuant to the provisions in the HKFRS2, only share options granted after 7 November 2002 and not yet vested on 1 January 2005 (the “Relevant Share Options”), the fair value of the employee services received in exchange for the grant of such is recognised as expenses. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. The following weighted average assumptions were included in the estimated grant date fair value calculations for the Relevant Share Options, calculated using the Black-Scholes model. Key assumptions are:

Risk free interest rate (%)	2.07 – 4.22
Expected life (years)	1 – 7.01
Expected dividend	0
Volatility (%)	46 – 64
Weighted average estimated grant date fair value (HK\$)	0.55 – 1.16

Share-based compensation cost, calculated by applying the above model and assumptions, charged to the condensed consolidated interim financial statement of the Company for the six months ended 30 June 2005, net of minority interests, was HK\$21,188,000 (2004: HK\$25,758,000).