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GAY GIANO INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

ANNOUNCEMENT

POTENTIAL ACQUISITION OF INTERESTS IN MINING AND EXPLORATION PROJECTS AND RESUMPTION OF TRADING

The Board would like to announce that on 8 October 2007, the Company entered into the MOU with the Vendor for the proposed acquisition of equity interests in the Target Companies.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 10:13 a.m. on 9 October 2007 pending the release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 10 October 2007.

The Board would like to announce that on 8 October 2007, the Company and the Vendor entered into the MOU in relation to the Acquisition. The MOU included the following major terms and conditions:

1. The Vendor granted the Company an exclusive right until 30 October 2007 to negotiate the terms of the Acquisition.
2. The Company shall be entitled to conduct a due diligence review on the Target Companies and the Vendor shall provide all necessary assistance.
3. Subject to the entering into of the Formal Agreement, the Company intends to (a) acquire not less than 51% equity interest in each of the Target Companies; and (b) establish an equity joint venture with the Vendor.
4. Hua Long holds certain mining rights in respect of a piece of land in Yunnan Province with zinc and lead reserves.
5. Xinkong holds certain exploration rights in respect of a piece of land in Sichuan Province with tin and zinc reserves.

6. The consideration for the acquisition of 51% equity interests in the Target Companies will be HK\$182 million (subject to further negotiations). No deposit is required to be made under the MOU.
7. To undertake the mining and exploration work in relation to the projects held by the Target Companies, an equity joint venture will be established by the Company and the Vendor in the PRC, pursuant to terms to be negotiated.
8. The Vendor shall subscribe up to 30% equity interest in the equity joint venture by way of transferring part of its 49% equity interest in each of the Target Companies. The actual shareholding of the joint venture will be determined subject to further negotiation.

Save for items 1 and 2 set out above, the MOU shall not constitute any legally binding agreement between the Company and the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third Party. The MOU may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not proceed.

In the event that the Formal Agreement materialises, the transactions contemplated thereunder may constitute a notifiable transaction for the Company under the Listing Rules. In such event, the Company will make further announcements in relation to details of the transactions contemplated under the Formal Agreement as and when required by the Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the meanings ascribed below:

“Acquisition”	the possible acquisition of not less than 51% equity interest in each of the Target Companies by the Company
“Board”	the board of Directors
“Company”	Gay Giano International Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company

“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Company with respect to the Acquisition
“Group”	the Company and its subsidiaries
“Hua Long”	盈江縣華龍礦業有限公司 (Yingjiang Hua Long Mining Co. Ltd.), a limited liability company established in PRC with 100% of its equity interest being held by the Vendor
“Independent Third Party”	a third party and its ultimate beneficial owners being independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	a memorandum of understanding entered into on 8 October 2007 between the Company and the Vendor for the sale by the Vendor and the purchase by the Company of not less than 51% equity interest in each of the Target Companies
“PRC”	The People’s Republic of China
“Share(s)”	share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Hua Long and Xinkong
“Vendor”	成都靜安礦業有限公司 (Chengdu Zing An Mining Co. Ltd.), a limited liability company established in PRC and an Independent Third Party

“Xinkong”	甘孜州興康鋅多金屬礦業有限公司 (Ganzhi State Xinkong Xin Multi-minerals Mining Co. Ltd.), a limited liability company established in PRC with 100% of its equity interest being held by the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“%”	per cent.

By order of the Board
GAY GIANO INTERNATIONAL GROUP LIMITED
Wong Pak Lam, Louis
Chairman

Hong Kong, 9 October 2007

As at the date of this announcement, the executive Directors are Mr. Wong Pak Lam, Louis, Mr. Wong Kwong Lung, Terence and Mr. Wong Kin Tung and the independent non-executive Directors are Mr. Chan Ka Ling, Edmond, Mr. Ching Kwok Ho, Samuel, and Mr. Lo Wa Kei, Roy.