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GAY GIANO
INTERNATIONAL
GAY GIANO INTERNATIONAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 686)

**VERY SUBSTANTIAL ACQUISITION
ACQUISITION OF 70% EQUITY INTERESTS
IN THREE MINING COMPANIES
INVOLVING ISSUE OF CONVERTIBLE BONDS**

PROPOSED CHANGE OF COMPANY NAME

RESUMPTION OF TRADING

THE ACQUISITION

The Board announces that on 30 October 2007, the Purchaser, which is an indirect wholly-owned subsidiary of the Company, entered into the conditional Agreement with the Vendor pursuant to which, among other things, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 70% of the equity interests in each of the Target Companies at the Consideration of HK\$361 million.

The Consideration is to be satisfied (i) as to HK\$343 million in cash payable by the Purchaser to the Vendor or its nominees; and (ii) as to HK\$18 million by the issue of the Convertible Bonds by the Company to the Vendor. Particulars of the Consideration and the Convertible Bonds are set out in the paragraphs headed “Consideration” and “The Convertible Bonds” below.

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders’ approval at the SGM. To the best knowledge and belief of the Directors having made all reasonable enquiries, no Shareholder has an interest in the Acquisition which is materially different from the other Shareholders as at the date of this announcement. Therefore, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Gay Giano International Group Limited” to “Tai Yi Holdings Limited”. Upon the change of name becoming effective, the Company will adopt the new Chinese name “太一控股有限公司” for identification purpose only.

GENERAL

A circular containing, among other thing, (i) further details of the Acquisition and the Convertible Bonds; (ii) the proposed change of Company name; (iii) a notice of the SGM; and (iv) the technical report will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Wednesday, 31 October 2007 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 2:30 p.m. on Wednesday, 14 November 2007.

INTRODUCTION

The Board announces that subsequent to the entering into of the MOU as set out in the announcement of the Company dated 9 October 2007, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor on 30 October 2007 pursuant to which, among other things, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 70% of the equity interests in each of the Target Companies at the Consideration of HK\$361 million.

THE AGREEMENT

Date

30 October 2007

Parties

Purchaser: Diamante Globe Limited, an indirect wholly-owned subsidiary of the Company

Vendor: 成都靜安礦業有限公司 (Chengdu Zing An Mining Co. Ltd.)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party, and has no business relationship with Ti Yu Investments Limited (the controlling shareholder of the Company) and its ultimate beneficial owners.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire 70% of the equity interests in each of the Target Companies. For further details of the Target Companies, please refer to the section headed “Information on the Target Companies” below.

Consideration

The Consideration for the Acquisition is HK\$361 million, which will be satisfied by the Purchaser in the following manner:

- (i) as to HK\$20 million in cash paid by the Purchaser upon signing of the Agreement;
- (ii) as to HK\$13 million in cash payable by the Purchaser upon fulfilment of the Conditions (a), (d), (e) and (g) set out under the paragraph headed “Conditions Precedent” below;
- (iii) as to HK\$310 million in cash payable by the Purchaser upon Completion; and
- (iv) as to HK\$18 million by the issue of the Convertible Bonds by the Company to the Vendor upon Completion.

Particulars of the Convertible Bonds are set out in the section headed “The Convertible Bonds” below. The cash portion of the Consideration shall be partly funded by (i) approximately HK\$7.7 million from the Option Deposit; and (ii) the net proceeds of approximately HK\$23.1 million from the issue of 10 million new Shares as set out in the announcement of the Company dated 15 October 2007 (out of which HK\$20 million has been used as deposit paid to the Vendor upon signing of the Agreement). The Directors are contemplating different methods of financing for the remainder of the cash portion of the Consideration. Further details of any funding arrangement will be announced by the Company and disclosed in the circular to be despatched to the Shareholders in relation to, among other things, the Acquisition.

Basis of determination of the Consideration

The Consideration was reached after arm’s length negotiations between the parties to the Agreement and was determined after taking into account factors including the prevailing market prices of zinc, lead and tin, and the estimated amount of the mineral resources of the Target Mines.

Based on the commodity prices published on the website 中國有色網 (CNMN.com.cn) organized by 中國有色金屬報社 (PRC Nonferrous Metals News Agency), as at the date of this announcement, the market prices of zinc, lead and tin are in the range of about RMB21,250 to RMB22,350 per tonne, about RMB24,100 to RMB24,350 per tonne and about RMB147,000 to RMB150,000 per tonne respectively depending on factors such as the grade of the products and the demand and supply in PRC market. As advised by the Vendor, based on a technical consultant’s report, the estimated amount of mineral resources of the Yunnan Mines amounts to an aggregate of approximately 1,000,000 tonnes of zinc and lead, and the estimated amount of mineral resources of the Sichuan Mine amounts to approximately 116,400 tonnes of tin and 128,500 tonnes of zinc, representing the whole amount of the mineral resources in the defined ore bodies of the Target Mines over which the exploration work has been

conducted. For further details of the classification of the mineral resources in the Target Mines, please refer to the paragraph headed “Information on the Target Mines” below. As set out in the paragraph headed “Conditions precedent” below, one of the conditions precedent to Completion includes the Target Companies having obtained a technical assessment report from an international recognized expert on the estimated amount of the mineral contents of the land covered by the Mining Licences of no less than an aggregate of 900,000 tonnes of zinc and lead and of the land covered by the Exploration Licence of no less than 110,000 tonnes of tin and 129,000 tonnes of zinc. Further exploration work will have to be conducted to ascertain the amount of the mineral resources contained in the Target Mines.

Based on the factors mentioned above, the Directors (including independent non-executive Directors) consider that the terms of the Acquisition and the Consideration are normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

Further information regarding the Target Mines are set out in the paragraph headed “Information on the Target Mines” below.

Conditions precedent

Completion is subject to the following Conditions:

- (a) completion by the Purchaser of the due diligence review pursuant to the terms of the Agreement and the Purchaser being reasonably satisfied with the results thereof;
- (b) the representations, warranties and undertakings given by the Vendor in the Agreement being true and correct and not misleading in any material respects as if repeated at all times between the date of the Agreement and Completion and as at Completion by reference to the facts and circumstances then subsisting;
- (c) approval from the relevant PRC authorities being obtained for the sale of the 70% of the equity interests of the Target Companies;
- (d) the Purchaser having obtained a legal opinion issued by a PRC law firm in respect of the legality and validity of the transfer of the 70% of the equity interests of the Target Companies in favour of the Purchaser, in such form and substance to the satisfaction of the Purchaser;
- (e) the Target Companies having obtained, a technical assessment report from an international recognized expert on the estimated amount of the mineral contents of the land covered by the Mining Licences of no less than 900,000 tonnes of zinc and lead and of the land covered by the Exploration Licence of no less than 110,000 tonnes of tin and 129,000 tonnes of zinc;
- (f) the passing of the necessary resolutions by the Shareholders at a general meeting approving the Agreement and the transactions contemplated thereunder;
- (g) the Purchaser having obtained sufficient financing for the transactions contemplated under the Agreement; and

(h) no Material Adverse Change having occurred.

The Purchaser has the right to waive Conditions (c), (d) and (e) above. The Purchaser does not have any immediate intention to waive any of the Conditions Precedent at present. If the Conditions Precedent have not been fulfilled in full (or, where applicable, waived by the Purchaser) by 31 March 2008 or such other date as the Purchaser and the Vendor may agree in writing, the Agreement shall lapse and be terminated and thereafter all rights, obligations and liabilities of all parties thereunder shall cease and determine and no party shall have any claim against the other under the Agreement except for antecedent breach and the Vendor shall forthwith refund all monies paid by the Purchaser (without interest).

Completion

The Acquisition would only proceed to Completion in the event that 70% of the equity interests in each of the Target Companies are legally and validly transferred to the Purchaser. Subject to fulfillment (or, as the case may be, waiver) of the Conditions, Completion shall take place at 11:00 a.m. on the Completion Date or such later date as the parties to the Agreement shall agree.

THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are as follows:

Aggregate principal amount of the Convertible Bonds: HK\$18,000,000

Maturity Date: The 3rd anniversary of the date of initial issue of the Convertible Bonds (the “Maturity Date”). On the Maturity Date, all of the remaining outstanding Convertible Bonds will be redeemed by the Company at 100% of the outstanding principal amount of the Convertible Bonds.

Authorised denomination for issue, transfer, conversion and redemption: HK\$1,000,000

Conversion: The holder of the Convertible Bonds can convert the outstanding principal amount of each Convertible Bond in whole or in part (in authorized denomination) into Shares at any time from the period commencing from 3:00 p.m. (Hong Kong time) on the date of issue of such Convertible Bond up to 4:00 p.m. (Hong Kong time) on the Maturity Date. No Conversion Right may be exercised, to the extent that following such exercise, a Convertible Bond holder would have a notifiable interest in the relevant share capital of the Company (as defined under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)).

Conversion Price:	The Initial Conversion Price of HK\$2.50 per Conversion Share was arrived at after arm's length negotiation between the Company and the Vendor and represents (i) a premium of approximately 25% to the closing price of HK\$2.00 per Share quoted on the Stock Exchange on 30 October 2007, being the trading day of the Shares immediately prior to the date of suspension of dealings in the Shares pending release of this announcement; (ii) a premium of approximately 22.91% to the average closing Price per Share of approximately HK\$2.034 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ended on 30 October 2007; and (iii) a premium of approximately 900% over the audited consolidated net asset value per Share of approximately HK\$0.25 as at 31 March 2007. The initial Conversion Price is subject to customary adjustments in certain events, including share consolidations, share subdivisions, capitalisation issues, capital distributions, rights issues and issues of other securities.
Interest rate:	3% per annum of the outstanding principal amount of the Convertible Bonds payable on 30 June and 31 December of each and every calendar year during the tenure of the Convertible Bonds provided that the first interest payment date shall fall on 30 June 2008.
Transferability:	The Convertible Notes will be freely transferable but may not be transferred or assigned to a connected person of the Company.
Voting:	A holder of Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a holder of Convertible Bonds.
Redemption:	The Company has the right at any time to redeem the whole or part (in authorized denomination) of the outstanding Convertible Bonds at the redemption amount which is 110% of the principal amount of such outstanding Convertible Bonds.
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares (if any) to be issued as a result of the exercise of the Conversion Rights.
Ranking:	The Conversion Shares to be issued as a result of the exercise of the Conversion Rights will rank pari passu in all respects with all other Shares outstanding on the date the name of the bondholder is entered on the register of the members of the Company as a holder of the Conversion Shares.

SHAREHOLDING STRUCTURE

Upon full conversion of the HK\$18,000,000 principal amount of the Convertible Bonds at the Initial Conversion Price, a total of 7,200,000 Conversion Shares will be issued, representing approximately 3.29% of the existing issued share capital of the Company of 218,840,000 Shares as at the date of this announcement and approximately 3.19% of the Company's issued share capital as enlarged by the issue of such Conversion Shares and approximately 2.71% of the Company's issued share capital as enlarged by the issue of such Conversion Shares and the Option Shares at the Subscription Price.

The following table shows the shareholding structure of the Company (i) as at the date of this announcement; (ii) solely upon full conversion of the Convertible Bonds at the Initial Conversion price of HK\$2.50 per Share; and (iii) upon full conversion of the Convertible Bonds at the Initial Conversion Price, and exercise of the subscription rights attaching to the Options at the Subscription Price of HK\$2.80 per Share.

	As at the date of this announcement		Solely upon full conversion of the Convertible Bonds		Upon full conversion of the Convertible Bonds and exercise of the subscription rights attaching to the Options	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ti Yu Investments Limited	120,004,000	54.84	120,004,000	53.09	120,004,000	45.10
Public Shareholders						
The Vendor	—	—	7,200,000	3.19	7,200,000	2.71
Option holders	—	—	—	—	40,026,000	15.04
Other public Shareholders	98,836,000	45.16	98,836,000	43.72	98,836,000	37.15
Total	<u>218,840,000</u>	<u>100.00</u>	<u>226,040,000</u>	<u>100.00</u>	<u>266,066,000</u>	<u>100.00</u>

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group principally engages in manufacture, retail and wholesale of fashion apparel and complementary accessories.

As at the date of this announcement, it is expected that there will not be any major change at the composition of Board members as a result of the Acquisition. However, the Company plans to recruit an individual with relevant qualifications and experience in the mining industry to oversee the Group's investment in the Target Companies.

INFORMATION ON THE VENDOR

The Vendor, which is a limited liability company incorporated in PRC, is principally engaged in the sale of mineral products and the provision of related consultation services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

INFORMATION ON THE TARGET COMPANIES

Pursuant to 《中華人民共和國礦產資源法實施細則》 (Detailed Rules for the Implementation of the Mineral Resources Law of The People's Republic of China) promulgated in 1994, (i) a holder of a mining licence has the rights to, among other things, (a) conduct mining work over the mineral resources in the mine covered by the mining licence; (b) sell the extracted mineral products; (c) set up production facilities necessary for mining at the relevant site; and (ii) a holder of an exploration licence has, among other things, (a) the right to conduct exploration work for the mineral resources over the mine covered by the exploration licence; and (b) the priority to obtain the mining licence in respect of the mine covered by the exploration licence.

Xin Kong is a limited liability company incorporated in PRC on 6 September 2004 with its entire equity interests being held by the Vendor as at the date of this announcement. At present, Xin Kong has no major assets or operating businesses other than holding the Exploration Licence that covers the Sichuan Mine. The Company plans to conduct mining work over the Sichuan Mine. Therefore, Xin Kong will apply for the necessary mining licence in accordance with the relevant PRC rules and regulations.

Hua Long is a limited liability company incorporated in PRC on 23 December 2004. The operations of Hua Long include mining of lead and zinc resources over Caoziwa Mine and Dahua Dongshan Mine. At present, Hua Long is the holder of the Hua Long Mining Licences that cover the Caoziwa Mine and Dahua Dongshan Mine.

Xiang Ju is a limited liability company incorporated in PRC on 12 September 2002. The operations of Xiang Ju include mining, processing and sale of lead and zinc products. At present, Xiang Ju is the holder of the Xiang Ju Mining Licence that covers the Erkun Mine.

The Company plans to carry out production operations, subsequent to Completion, in order to enhance the revenue stream derived from the Yunnan Mines. Therefore, Hua Long and Xiang Ju will apply for the necessary licences for production in accordance with the relevant PRC rules and regulations.

Based on the information available to the Company, (i) on 1 October 2007, the Vendor entered into an agreement with 陳傳營 (Chen Chuan Ying), 胡玉友 (Hu Yu You), 余德敏 (Yu De Min), being Independent Third Parties, in relation to the acquisition by the Vendor of the entire equity interests in Hua Long; and (ii) on 20 October 2007, the Vendor entered into an agreement with 劉延剛 (Liu Yan Gang), an Independent Third Party, in relation to the acquisition by the Vendor of the entire equity interests in Xiang Ju. The Directors have no information of the amounts of the consideration paid by the Vendor for its acquisition of Hua Long and Xiang Ju. The Vendor currently expects that the acquisitions of the entire equity interests in Hua Long and Xiang Ju will be completed on or before 31 December

2007. As set out in the paragraph headed “Conditions precedent” above, the Completion is subject to, among others, approval from the relevant PRC authorities being obtained for the sale of 70% of the equity interests in the Target Companies under the Agreement and the Purchaser having obtained a legal opinion issued by a PRC law firm in respect of the legality and validity of the transfer of 70% of the equity interests in the Target Companies in favour of the Purchaser, in such form and substance to the satisfaction of the Purchaser.

To the best knowledge of the Directors having made all reasonable enquiries, all necessary mining and exploration licences have been obtained by the Target Companies. The Target Companies have commenced exploration work over the Target Mines and based on a technical consultant’s report provided by the Vendor, the preliminary findings are as follows:

(i) Caoziwa Mine

Five ore bodies have been defined, out of which two have undergone geological and geochemical survey. Only one out of these two ore bodies has commenced further exploration work including trenching, excavation and sampling. The preliminary findings in relation to the mineral resources in the two defined ore bodies are as follows:

PRC NS	Code	Zinc tonnes (approximately)	Lead tonnes (approximately)
Inferred	333	31,000	4,000
Reconnaissance	334	<u>266,000</u>	<u>67,000</u>
Total		<u><u>297,000</u></u>	<u><u>71,000</u></u>

No exploration work has been conducted over the other three ore bodies.

(ii) Dahua Dongshan Mine

Two ore bodies have been defined and underwent exploration work including geological survey, mapping, excavation and sampling. The preliminary findings in relation to the mineral resources in the two said ore bodies are as follows:

PRC NS	Code	Zinc tonnes (approximately)	Lead tonnes (approximately)
Indicated	332	6,000	5,000
Inferred	333	<u>9,000</u>	<u>7,000</u>
Total		<u><u>15,000</u></u>	<u><u>12,000</u></u>

(iii) Erkun Mine

Nine ore bodies have been defined and underwent exploration work including geological mapping and chemical studies. The preliminary findings in relation to the mineral resources in the nine said ore bodies are as follows:

PRC NS	Code	Zinc and lead tonnes (approximately)
Reconnaissance	334	<u>605,000</u>
Total		<u><u>605,000</u></u>

(iv) Sichuan Mine

Six ore bodies have been defined, out of which three have undergone exploration work including geological mapping, profiling and topographic survey. Two out of these three ore bodies have undergone further exploration work including tunneling, trenching and sampling. The preliminary findings in relation to the mineral resources in the three defined ore bodies are as follows:

PRC NS	Code	Tin tonnes (approximately)	Zinc tonnes (approximately)
Indicated	332	400	500
Inferred	333	2,000	8,000
Reconnaissance	334	<u>114,000</u>	<u>120,000</u>
Total		<u><u>116,400</u></u>	<u><u>128,500</u></u>

No exploration work has been conducted over the other three ore bodies.

As advised by the Vendor, it is currently expected that the aggregate exploration and exploitation costs to extract the mineral resources from the defined ore bodies in the Target Mines to be incurred by the Target Companies will be as follows:

Year	Exploration costs <i>RMB million</i>	Mining costs		Total <i>RMB million</i>
		Drilling and tunneling <i>RMB million</i>	Plant and machineries <i>RMB million</i>	
2008	25	15	10	50
2009	25	30	25	80
2010	25	70	60	155
2011 and after	50	150	80	280
	<u>125</u>	<u>265</u>	<u>175</u>	<u>565</u>

As set out in the table above, the aggregate exploration and mining costs would be incurred by stages. The Target Companies intend to meet part of the funding requirements set out above from the internal resources generated from their operations. Subsequent to the Completion, the Directors will also pursue different methods of financing to meet the Company's portion of 70% of the funding requirements for the remaining balance of such estimated capital expenditures. However, as at the date of this announcement, the Company has not made any commitment to provide any funding to the Target Companies.

Financial information on the Target Companies

Immediately upon Completion, the Target Companies will be owned as to 70% by the Purchaser and as to 30% by the Vendor.

Set out below is the unaudited financial information of Hua Long for the two years ended 31 December 2006:

	For the year ended 31 December 2005 <i>RMB'000</i>	For the year ended 31 December 2006 <i>RMB'000</i>
Revenue	—	10
Net profit (loss) before taxation	—	(784)
Net profit (loss) after taxation	—	(784)
Net assets	8,930	8,146

Set out below is the unaudited financial information of Xiang Ju for the two years ended 31 December 2006:

	For the year ended 31 December 2005	For the year ended 31 December 2006
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	25,328
Net profit before taxation	—	35
Net profit after taxation	—	29
Net assets	500	529

Set out below is the unaudited financial information of Xin Kong for the two years ended 31 December 2006:

	For the year ended 31 December 2005	For the year ended 31 December 2006
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—
Net profit before taxation	—	—
Net profit after taxation	—	—
Net assets	2,680	2,680

Upon Completion, the Target Companies will become indirect non wholly-owned subsidiaries of the Company and their financial results will be consolidated with those of the Group.

Information on the Target Mines

As at the date of this announcement, Hua Long owns the mining licence of each of the Caoziwa Mine and the Dahua Dongshan Mine, Xiang Ju owns the mining licence of the Erkun Mine and Xin Kong owns the exploration licence of the Sichuan Mine. The Caoziwa Mine is located in 盈江縣支那鄉槽子凹段 (Caoziwa Section, Zhina Village, Yingjiang County) whereas the Dahua Dongshan Mine is located in 盈江縣支那鄉大華東山段 (Dahua Dongshan Section, Zhina Village, Yingjiang County) and the Erkun Mine is located in 盈江縣二昆山 (Erkun Mountain, Yingjiang County) in Yunnan Province, PRC. The Sichuan Mine is located in 理塘縣曲登鄉腳根瑪段 (Jiaogenma Section, Quteng Village, Litang County) in 甘孜藏族自治州 (Ganzi Tibetan Autonomous Prefecture) of Sichuan Province, PRC.

The details of the Mining Licences and Exploration Licence are summarised in the table below:

Licence (Licence no.)	Holder of licence	Location	Mine/ exploration area (km²)	Licence period
Mining licence (5300000520082)	Hua Long	Caoziwa Mine	3.1561	May 2005 to May 2010
Mining licence (5300000520194)	Hua Long	Dahua Dongshan Mine	2.3426	August 2005 to August 2010
Mining licence (5300000730198)	Xiang Ju	Erkun Mine	4	June 2007 to June 2010
Exploration licence (5100000620213)	Xin Kong	Sichuan Mine	9.31	26 May 2006 to 26 May 2008

A technical report in respect of the Target Mines, which will be in compliance with Chapter 18 of the Listing Rules, will be included in the circular to be despatched to the Shareholders.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Company may broaden its source of income by diversifying into the mining and exploration of natural resources. The purpose of the Acquisition is to explore the opportunities and derive income from the sale of the mineral resources to be extracted from the Target Mines.

The prices of lead, tin and zinc have been rising over the past years. The Directors anticipate that the demand for lead, tin and zinc will remain to be strong, given the continuous economic growth in the PRC. The Directors therefore believe that the Acquisition provides the Group with a good opportunity to diversify into the lead, zinc and tin mining and exploration business which has good future prospects.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Date of announcement	Description	Net amount raised	Intended use of the net proceeds as announced	Actual use of the net proceeds
18 September 2007	Placing of Options	HK\$400,260 by the issue of the Options and approximately HK\$111.74 million upon exercise of all subscription rights attaching to the Options at the Subscription Price of HK\$2.80 per Share, out of which a non-refundable deposit of approximately HK\$11.21 million has been received by the Company	To invest in projects in any business which are expected to improve the profitability and broaden the revenue stream of the Group and as general working capital.	As at the date of this announcement, no Options have been exercised and approximately HK\$3.9 million has been utilized as general working capital of the Group.
15 October 2007	Placing of existing Shares and subscription of new Shares under the general mandate granted on 28 September 2007	Approximately HK\$23,100,000	To invest in projects in any business which are expected to improve the profitability and broaden the revenue stream of the Group (including the mining and exploration projects as announced by the Company on 9 October 2007) and as general working capital.	HK\$20 million has been used as deposit paid to the Vendor upon signing of the Agreement and the remaining balance of HK\$3.1 million will be used as part of the payment of the Consideration.

Save as disclosed above, there were no equity fund-raising activities conducted by the Company in the past twelve months.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Gay Giano International Group Limited” to “Tai Yi Holdings Limited”. Upon the change of name becoming effective, the Company will adopt the new Chinese name “太一控股有限公司” for identification purpose only. The Company will issue a further announcement in relation to the change of the stock short name.

The proposed change of name of the Company is subject to the approval by the Shareholders at the SGM and the issue of the relevant certificate of incorporation on change of name by the Registrar of Companies in Bermuda to the Company approving such change.

The proposed name change is to reflect the diversification of the businesses of the Group, and to signify the new identity of the Company following the close of the general offer as set out in the announcement of the Company dated 24 August 2007.

The proposed change of name of the Company will not affect any of the rights of the Shareholders. All existing Share certificates in issue bearing the present name of the Company will, after the proposed change of name of the Company becoming effective, continue to be evidence of title to the Shares and will be valid for trading, settlement and registration purposes. Accordingly, there will not be any arrangement for free exchange of existing Share certificates for new Share certificates under the Company’s new name. Any issue of Share certificates thereafter will be under the new name of the Company.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders’ approval at the SGM. To the best knowledge and belief of the Directors having made all reasonable enquiries, no Shareholder has an interest in the Acquisition which is materially different from the other Shareholders as at the date of this announcement. Therefore, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

The Company noted that the Catalogue, which was published on the SDRC website on 8 November 2007 and will take effect on 1 December 2007, prohibits foreign investment in certain mining projects in PRC. The Company is currently assessing the impact, if any, of the guidance on foreign investment contained in the Catalogue on the Company’s proposed participation in the businesses of the Target Companies through the Acquisition, and is seeking advice from its PRC legal advisers in this regard. The Company will make a further announcement in relation to the impact arising therefrom prior to the despatch of the circular containing, among other things, (i) further details of the Acquisition and the Convertible Bonds; (ii) the proposed change of Company name; (iii) a notice of the SGM; and (iv) the technical report.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Wednesday, 31 October 2007 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 2:30 p.m. on Wednesday, 14 November 2007.

DEFINITIONS

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

“Acquisition”	the acquisition of 70% of the equity interests in each of the Target Companies by the Purchaser, an indirect wholly-owned subsidiary of the Company, from the Vendor in accordance with the terms and conditions of the Agreement
“Agreement”	the agreement dated 30 October 2007 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which no.8 signal or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon during a typhoon or on which a black rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks are open for business in Hong Kong
“Caoziwa Mine”	盈江縣華龍礦業有限公司槽子凹鉛鋅礦 (Yingjiang Hua Long Mining Co. Ltd. Caoziwa Lead and Zinc Mine), the lead and zinc deposits located in 盈江縣支那鄉槽子凹段 (Caoziwa Section, Zhina Village, Yingjiang County) in Yunnan Province, PRC, the mining licence of which is held by Hua Long
“Catalogue”	Catalogue for the Guidance of Foreign Investment Industries (Amended in 2007) jointly issued by SDRC and the Ministry of Commerce of PRC
“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
“Completion”	the Completion of the sale and purchase of 70% of the equity interests in each of the Target Companies pursuant to the terms of the Agreement
“Completion Date”	the seventh Business Day after the fulfillment (or, as the case may be, waiver) of the Conditions or such later date as the parties to the Agreement shall agree
“Conditions Precedent” or “Conditions”	the conditions precedent set out in the Agreement

“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration of HK\$361 million payable by the Company to the Vendor for the Acquisition, the particulars of which are set out in the paragraph headed “Consideration” of this announcement
“Conversion Right(s)”	the right(s) of the Convertible Bond holders to convert the whole or part of the principal amount of the Convertible Bonds into new Shares subject to the terms and conditions of the instrument relating to the Convertible Bonds
“Conversion Shares”	new Shares allotted and issued upon an exercise of the Conversion Rights
“Convertible Bond(s)”	the convertible bond(s) in an aggregate principal amount of HK\$18 million to be issued by the Company as part of the Consideration pursuant to the terms of the Agreement, particulars of which are set out in the section headed “The Convertible Bonds” of this announcement
“Dahua Dongshan Mine”	盈江縣華龍礦業有限公司大華東山鉛鋅礦 (Yingjiang Hua Long Mining Co. Ltd. Dahua Dongshan Lead and Zinc Mine), the lead and zinc deposits located in 盈江縣支那鄉大華東山段 (Dahua Dongshan Section, Zhina Village, Yingjiang County) in Yunnan Province, PRC, the mining licence of which is held by Hua Long
“Directors”	directors of the Company
“Erkun Mine”	盈江縣湘菊礦業有限責任公司二昆鉛鋅礦 (Yingjiang Xiangju Mining Co. Ltd. Erkun Lead and Zinc Mine), the lead and zinc deposits located in 盈江縣二昆山 (Erkun Mountain, Yingjiang County) in Yunnan Province, PRC, the mining licence of which is held by Xiang Ju
“Exploration Licence”	the exploration licence granted by 四川省甘孜藏族自治州國土資源局 (Land and Resources Bureau of Ganzi Tibetan Autonomous Prefecture of Sichuan Province) in favour of Xin Kong covering approximately 9.81 km ² of the Sichuan Mine and the right to conduct exploration work for the tin and zinc resources over the Sichuan Mine
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Hua Long”	盈江縣華龍礦業有限公司 (Yingjiang Hua Long Mining Co. Ltd.), a limited liability company incorporated in PRC
“Hua Long Mining Licences”	the two mining licences granted by 雲南省國土資源廳 (Department of Land and Resources of Yunnan Province) in favour of Hua Long covering approximately 3.15 km ² of Caoziwa Mine and approximately 2.34 km ² of Dahua Dongshan Mine and the right to conduct mining work for the lead and zinc resources over Caoziwa Mine and Dahua Dongshan Mine
“Independent Third Party”	a third party independent of the Company and its connected persons
“Initial Conversion Price”	HK\$2.50 per Conversion Share (subject to adjustments)
“km ² ”	square kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	means any event, occurrence or development of a state of circumstances or facts which has had or reasonably could be expected to have a material and adverse effect on the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of the Target Companies
“Mining Licences”	Hua Long Mining Licences and Xiang Ju Mining Licence
“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% of the equity interests in each of the Target Companies
“Option Deposit”	the non-refundable deposit of HK\$11,207,280 paid by the placees to the Company as deposit and part payment of the Subscription Price for the Option Shares
“Options”	up to 40,026,000 call options granted by the Company to placees for the allotment and issue of the Option Shares as set out in the announcement of the Company dated 18 September 2007
“Option Shares”	up to 40,026,000 new Shares to be allotted and issued upon exercise of the subscription rights under the Options
“Purchaser”	Diamante Globe Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

“PRC”	The People’s Republic of China
“PRC NS”	中華人民共和國國家標準—固體礦產資源/ 儲量分類 (National Standard of PRC — Solid Mineral Resources/Reserve Classification)
“RMB”	renminbi yuan, the lawful currency of PRC
“SDRC”	State Development and Reform Commission of PRC
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the Conversion Shares) and the proposed change of Company name
“Share(s)”	share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	shareholders of the Company
“Sichuan Mine”	the tin and zinc deposits located in 理塘縣 (Litang County) and 巴塘縣 (Batang County) in 甘孜藏族自治州 (Ganzi Tibetan Autonomous Prefecture) of Sichuan Province, PRC, the exploration licence of which is held by Xin Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	up to HK\$112,072,800, equivalent to an initial price of HK\$2.80 per Option Share
“Target Companies”	Hua Long, Xiang Ju and Xin Kong
“Target Mines”	Yunnan Mines and Sichuan Mine
“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
“Xiang Ju”	盈江縣湘菊礦業有限責任公司 (Yingjiang Xiangju Mining Co. Ltd.), a limited liability company incorporated in PRC
“Xiang Ju Mining Licence”	the mining licence granted by 雲南省國土資源廳 (Department of Land and Resources of Yunnan Province) in favour of Xiang Ju covering approximately 4 km ² of the Erkun Mine and the right to conduct mining work for the lead and zinc resources over the Erkun Mine

“Xin Kong”	甘孜州興康鋅多金屬礦業有限責任公司 (Ganzi State Xinkong Xin Multi-minerals Mining Co. Ltd.), a limited liability company incorporated in PRC
“Yunnan Mines”	Erkun Mine, Caoziwa Mine and Dahua Dongshan Mine
“%”	per cent.

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

Hong Kong, 13 November 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.