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GAY GIANO
INTERNATIONAL

TI YU INVESTMENTS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

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

JOINT ANNOUNCEMENT

- (1) ACQUISITION OF SHARES IN THE COMPANY
BY TI YU INVESTMENTS LIMITED**
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY



KINGSTON SECURITIES LIMITED

**ON BEHALF OF TI YU INVESTMENTS LIMITED
FOR ALL THE ISSUED SHARES AND OUTSTANDING OPTIONS
IN GAY GIANO INTERNATIONAL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY TI YU INVESTMENTS LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

AND

- (3) RESUMPTION OF TRADING**

Financial adviser to Ti Yu Investments Limited



KINGSTON CORPORATE FINANCE LIMITED

THE SHARE PURCHASE

Reference is made to the announcement of the Company dated 1 June 2007. A letter of intent in relation to the sale of all or part of the 120,000,000 Shares was agreed and entered into between the Vendor and the Offeror after trading hours on 8 June 2007 and accordingly the trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 June 2007 pending the release of an announcement in respect of a possible change of controlling Shareholder. In the view that additional time was required for finalization of the principal terms of the Sale and Purchase Agreement and the preparation of the relevant documents in relation to the Sale and Purchase Agreement, the Sale and Purchase Agreement was finally entered into among Ti Yu, Gay Giano (BVI) and Mr. Cheung (being the 72.5% beneficial owner of Gay Giano (BVI)) on 26 June 2007, pursuant to which Ti Yu conditionally agreed to purchase and Gay Giano (BVI) conditionally agreed to sell 120,000,000 Shares, representing approximately 59.44% of the entire issued share capital of the Company as at the date of this announcement, for a total consideration of HK\$100,000,000 (equivalent to approximately HK\$0.8333 per Share). The Sale and Purchase Agreement is conditional upon fulfilment of the condition specified therein and described in the paragraph headed “Condition” under the section headed “The Share Purchase” of this Announcement.

Each of Ti Yu and Mr. Wong is an independent third party neither connected with (as defined in the Listing Rules) nor acting in concert with (as defined in the Takeovers Code) the Vendor.

THE OFFER

Following fulfillment of the condition precedent of the Sale and Purchase Agreement and after the Completion, Ti Yu, Mr. Wong and parties acting in concert with any one of them will own an aggregate of 120,000,000 Shares, representing 59.44% of entire issued share capital of the Company as at the date of this announcement. Accordingly, Ti Yu, Mr. Wong and parties acting in concert with them will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned by Ti Yu, Mr. Wong and parties acting in concert with any one of them) pursuant to Rule 26.1 of the Takeovers Code and to make a comparable offer for all the outstanding Options pursuant to Rule 13 of the Takeovers Code.

Kingston Securities will, on behalf of the Offeror, make the Offer subject to the Completion in compliance with the Takeovers Code at i) HK\$0.8334 per Offer Share in cash; and ii) HK\$0.5806 per Option in cash. The principal terms of the Offer are set out under the section headed “The Offer” below. Both Kingston Securities and Kingston Corporate Finance are satisfied that there are sufficient financial resources available to Ti Yu to meet the full acceptance of the Offer.

Warning: The Offer is a possibility only

Shareholders and potential investors should be aware of and take note that the Sale and Purchase Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed “Condition” under the section headed “The Share Purchase” of this announcement and that the making of the Offer is subject to completion of the Share Purchase. Accordingly, the Share Purchase may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.

GENERAL

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve and subject to the Completion, Ti Yu, Mr. Wong and parties acting in concert with them will be required to despatch an offer document in relation to the Offer. Ti Yu and the Company intend to combine the offer document and the Company’s response document and despatch such composite document to the Shareholders and the Optionholders, setting out, inter alia, the terms of the Offer, information on the Group, the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and the Optionholders in respect of the Offer and the letter from the independent financial adviser containing its recommendation and advice to the Independent Board Committee in respect of the Offer, together with forms of acceptance and transfer/cancellation, within such period. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offer. An announcement of such appointment will be made once the independent financial adviser is appointed.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 June 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 July 2007.

THE SHARE PURCHASE

The Sale and Purchase Agreement

Date:	26 June 2007
Vendor:	Gay Giano (BVI)
Offeror:	Ti Yu
Vendor's Guarantor:	Mr. Cheung, the 72.5% beneficial owner of Gay Giano (BVI) (The remaining balance of 27.5% shareholding interest of Gay Giano (BVI) owned as to 12.5% by Ms. Cheung Yin Sheung, Subraina, being an executive Director, 2.5% by Mr. Tong Kwong Fat, being an executive Director, and 12.5% by Ms. Cheung Yin Fong, being the sister of Ms. Cheung Yin Sheung, Subraina and the sister-in-law of Mr. Tong Kwong Fat)
Offeror's Guarantor:	Mr. Wong, the 100% ultimate beneficial owner of Ti Yu
	Each of Ti Yu and Mr. Wong is an independent third party neither connected with (as defined in the Listing Rules) nor acting in concert with (as defined in the Takeovers Code) the Vendor.
Number of Shares:	120,000,000 Shares which are to be acquired by Ti Yu from Gay Giano (BVI) free from all claims, charges, liens, encumbrances, equities and third party rights and together with all rights attaching thereto after the Completion
Consideration:	HK\$100,000,000, being approximately HK\$0.8333 for each Share, which was negotiated and determined on arm's length basis between Gay Giano (BVI) and Ti Yu. The consideration has been/will be settled in the following manner: (a) HK\$10,000,000 has been paid upon the signing of the Sale and Purchase Agreement; and (b) remaining balance of HK\$90,000,000 to be paid upon completion of the Sale and Purchase Agreement

Condition:	Completion is conditional upon: the Stock Exchange and the SFC having cleared this announcement and the Shares remaining listed on the Stock Exchange at all times prior to and on Completion and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 business days (other than any suspension pending clearance of the announcement in respect of the transactions contemplated under the Sale and Purchase Agreement).
Completion:	Completion is to take place on the third Business Day after satisfaction or waiver by Ti Yu (as the case may be) of the condition precedent set out in the Sale and Purchase Agreement. The Sale and Purchase Agreement shall terminate if the condition is not fulfilled or waived on or prior to 10th July, 2007 (or such later date as may be agreed between the Vendor and the Offeror in writing).

THE OFFER

Following completion of the Sale and Purchase Agreement and after the Completion, Ti Yu, Mr. Wong and parties acting in concert with them will own an aggregate of 120,000,000 Shares, representing 59.44% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, Ti Yu, Mr. Wong and parties acting in concert with them will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned by Ti Yu, Mr. Wong and parties acting in concert with them) pursuant to Rule 26.1 of the Takeovers Code and to make a comparable offer for all the outstanding Options pursuant to Rule 13 of the Takeovers Code.

Issued securities of the Company as at the date of this announcement and immediately after the Completion

As at the date of this announcement, there are (i) 201,880,000 Shares in issue; and (ii) 13,270,000 Options outstanding which are exercisable at any time and entitle the holders thereof to subscribe for a total of 13,270,000 Shares at an exercise price of HK\$0.2528 each. However, pursuant to the Sale and Purchase Agreement, the holders of a total of 6,270,000 Options have undertaken to cancel their respective Options on or before the Completion so that only a maximum of 7,000,000 Options will remain outstanding at the Completion. The Optionholders who have undertaken to cancel their respective Options under the Sale and Purchase Agreement comprise of (1) 3,000,000 Options held by Mr. Cheung (being the 72.5% beneficial owner of the Vendor); (2) 1,800,000 Options held by Ms. Cheung Yin Sheung, Subraina (being the 12.5% beneficial owner of the Vendor); and (3) 1,800,000 Options held by Mr. Tong Kwong Fat (being the 2.5% beneficial owner of the Vendor). No consideration was paid to Mr. Cheung, Mr. Cheung Yin Sheung, Subraina and Mr. Tong Kwong Fat for their cancellation of the Options.

Save as aforesaid, the Company has no other derivatives, options, warrants and conversion rights or other similar rights which are convertible into Shares as at the date of this announcement.

Issued securities of the Company subject to the Offer

Taking into account (i) 120,000,000 Shares to be acquired by Ti Yu, Mr. Wong and parties acting in concert with any one of them upon completion of the Share Purchase; and (ii) a maximum of 7,000,000 Options will remain outstanding at the Completion, 81,880,000 Offer Shares will be subject to the Share Offer and a maximum of 7,000,000 Options will be subject to the Option Offer pursuant to Rule 26.1 and 13 of the Takeovers Code, respectively. The Optionholders should note that it is within their discretion to exercise the rights attaching to their respective Options during the course of the Offer and to accept the Share Offer in respect of the resulting Shares.

As at the date of this announcement, (i) save for the Sale and Purchase Agreement, there are no arrangements between the parties to the Sale and Purchase Agreement (whether by way of option, indemnity or otherwise) in relation to shares of Ti Yu or the Company which might be material to the Offer; (ii) there are no agreements or arrangements to which Ti Yu is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and (iii) there are no irrevocable commitment to accept the Offer has been received by Ti Yu, Mr. Wong or parties acting in concert with any one of them.

Other than a letter of intent dated 8 June 2007 entered into between Ti Yu and Gay Giano (BVI) in relation to the sale of all of part of the 120,000,000 Shares, there has been no dealings in the Shares by Ti Yu, Mr. Wong and parties acting in concert with any one of them during the six-month period prior to the date of the Sale and Purchase Agreement and up to the date of this announcement.

The Offer will be made on the terms set out below.

Principal terms of the Offer

Kingston Securities will, on behalf of Ti Yu, make the Offer subject to the Completion in compliance with the Takeovers Code on the following basis:

- (i) **For each Offer ShareHK\$0.8334 in cash**
- (ii) **For cancellation of each Option (based on the difference between the Offer Price of HK\$0.8334 per Offer Share and the exercise price of HK\$0.2528 for each Option Share)HK\$0.5806 in cash**

All the Offer Shares and the Options subject to the Offer will be fully paid and free from all liens, equities, charges and encumbrances and together with all rights now and thereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or paid after the Completion.

Pre-conditions of the Offer

Shareholders and potential investors should be aware of and take note that the Sale and Purchase Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed "Condition" under the section headed "The Share Purchase" of this announcement and that the making of the Offer is subject to completion of the Share Purchase. Accordingly, the Share Purchase may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.

Comparison of value

The price of HK\$0.8334 for each Offer Share is slightly higher than the consideration for each Share acquired under the Sale and Purchase Agreement and such price represents:

- (a) a discount of approximately 20.63% to the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 18.77% to the average closing price of approximately HK\$1.026 per Share for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 19.74% over the average closing price of approximately HK\$0.696 per Share for the 10 trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 248.70% over the unaudited consolidated net asset value per Share of approximately HK\$0.239 as at 30 September 2006 based on the interim report 2006.

Total consideration

As at the date of this announcement, there are (i) 201,880,000 Shares in issue; and (ii) 13,270,000 Options outstanding which are exercisable at any time and entitle the holders thereof to subscribe for a total of 13,270,000 Shares at an exercise price of HK\$0.2528 each. Pursuant to the Sale and Purchase Agreement, the holders of a total of 6,270,000 Options have undertaken to cancel their Options so that only a maximum of 7,000,000 Options will remain outstanding at the Completion.

Based on the offer price of HK\$0.8334 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$168.25 million and the number of 81,880,000 Offer Shares under the Share Offer will be valued at approximately HK\$68.24 million and the maximum of 7,000,000 Options under the Option Offer will be valued at approximately HK\$4.06 million based on the offer price of HK\$0.5806 per Option. Both Kingston Securities and Kingston Corporate Finance are satisfied that there are sufficient financial resources available to Ti Yu to meet the full acceptance of the Offer.

Effect of accepting the Offer

By accepting (i) the Share Offer, the accepting Shareholders will sell their respective Shares and all rights attached to them; and (ii) the Option Offer, the accepting Optionholders will surrender to the Company their respective Options for cancellation by the Company.

Settlement of the consideration

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part of thereof) of the amount payable in respect of relevant acceptances will be deducted from the amount payable to the Shareholders who accept the Share Offer. Ti Yu will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong on behalf of such Shareholders who accept the Share Offer.

The amount due to the Shareholders or the Optionholders who accept the Offer shall be paid by Ti Yu as soon as possible but in any event within 10 days the date of receipt of a duly completed acceptances in accordance with the Takeovers Code.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its Shares are listed on the Stock Exchange. The Group is principally engaged in the manufacture, retail and wholesale of fashion apparel and complementary accessories.

The following table sets out the financial information of the Group:

	For the year ended 31 March 2006 <i>(audited)</i> HK\$'000	For the six months ended 30 September 2006 <i>(unaudited)</i> HK\$'000
Net profit/(loss) before tax	1,680	(4,081)
Net profit/(loss) after tax	2,143	(4,081)
	As at 31 March 2006 <i>(audited)</i> HK\$'000	As at 30 September 2006 <i>(unaudited)</i> HK\$'000
Net asset value	52,324	48,301

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Purchase but before the close of the Offer:

	Immediately before completion of the Share Purchase		Immediately after completion of the Share Purchase but before the close of the Offer	
	<i>No. of Shares</i>	<i>% (approx.)</i>	<i>No. of Shares</i>	<i>% (approx.)</i>
Ti Yu, Mr. Wong and parties acting in concert with any one of them	0	0	120,000,000	59.44
Gay Giano (BVI)	120,000,000	59.44	0	0
K & E Industries Limited (<i>Note 1</i>)	28,374,000	14.06	28,374,000	14.06
Public Shareholders	53,506,000	26.50	53,506,000	26.50
Total	201,880,000	100.00	201,880,000	100.00

Note:

- (1) K & E Industries Limited is a company incorporated in Hong Kong with limited liability and ultimately owned by Mr. Chuang Tsoi Hung, Thomas. Save for being a substantial Shareholder, K & E Industries Limited and its ultimate beneficial owner are third parties independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION ON TI YU

Ti Yu is an investment holding company incorporated in the British Virgin Islands with limited liability on 9 June 2006 and is wholly owned by Mr. Wong. Other than the entering into of the Sale and Purchase Agreement, Ti Yu has not conducted any business since its incorporation.

Mr. Wong, aged 29, graduated from the Faculty of Law of the Southwest University of Political Science and Law. Being the deputy managing director of Guangdong Liantai Group, he is responsible for the group's various investment projects. He is experienced in exploring opportunities for business development in the PRC. He is a member of the Chinese People's Political Consultative Conference Shenzhen Committee.. Mr. Wong is not a director of any of the listed companies in which he has substantial investments.

INTENTION OF TI YU REGARDING THE GROUP

It is the intention of Ti Yu that the existing principal activities of the Company will remain unchanged and Ti Yu has no intention to put forward any major or material changes to the business of the Company and there is no plan to dispose of or re-deploy the assets of the Group other than in the ordinary course of business and to inject its assets into the Group.

PROPOSED CHANGE OF COMPOSITION OF THE COMPANY

It is expected that Ms. Cheung Yin Sheung, Subraina, Mr. Tong Kwong Fat and Ms. Yung Wing Sze, Vivian, all being the executive Directors, and Ms. To Ming Oi, Wendy, being the non-executive Director, will resign and such resignation will take effect in full compliance with Rule 7 of the Takeovers Code and in accordance with the employment contracts. Further announcement will be made in compliance with the Listing Rules and the Takeovers Code upon such resignation. As at the date of this announcement, proposed Director(s) to be appointed to the Board has not been determined yet and further announcement will be made in compliance with the Listing Rules and the Takeovers Code upon such appointment. The appointment of Directors will be in compliance with the requirements of the Listing Rules and the Takeovers Code.

Save as disclosed above, it is the intention of Ti Yu that there will be no material change in the existing management and employees of the Group following the close of the Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Ti Yu intends that the Company will remain listed on the Stock Exchange after the close of the Offer. The Company, Directors, Ti Yu and the new directors (if any) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading in the Shares; or**
- **there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend trading in the Shares.

GENERAL INFORMATION

Kingston Corporate Finance have been appointed as the financial adviser to Ti Yu in relation to the Offer.

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve and subject to the Completion, Ti Yu, Mr. Wong and parties acting in concert with any one of them will be required to despatch an offer document in relation to the Offer. Ti Yu and the Company intend to combine the offer document and the Company's response document and despatch such composite document to the Shareholders and the Optionholders, setting out, inter alia, the terms of the Offer, information on the Group, the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and the Optionholders in respect of the Offer and the letter from the independent financial adviser containing its recommendation and advice to the Independent Board Committee in respect of the Offer, together with forms of acceptance and transfer/cancellation, within such period. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offer. Further announcement of such appointment will be made once the independent financial adviser is appointed.

Stockbrokers, banks and others who deal in relevant securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

The dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 June 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 July 2007.

Warning: The Offer is a possibility only

Shareholders and potential investors should be aware of and take note that the Sale and Purchase Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed “Condition” under the section headed “The Share Purchase” of this announcement and that the making of the Offer is subject to completion of the Share Purchase. Accordingly, the Share Purchase may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Business Day”	any day (other than Saturday), on which banks in Hong Kong are open for business
“Company”	Gay Giano International Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Share Purchase which shall take place on the third Business Day after satisfaction or waiver by Ti Yu (as the case may be) of the condition precedent set out in the Sale and Purchase Agreement.
“connected person”	the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“Gay Giano (BVI)” or “Vendor”	Gay Giano (BVI) Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	a committee of the Board to be constituted to advise the Independent Shareholders in connection with the Offer
“Independent Shareholders”	shareholders other than Ti Yu, Mr. Wong and parties acting in concert with any one of them as defined in the Takeovers Code
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under SFO
“Kingston Securities”	Kingston Securities Limited, a licensed corporation permitted to carry on business in type 1 (dealing in securities) regulated activity under SFO
“Last Trading Day”	8 June 2007, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung” or “Guarantor”	Cheung Sing Chi, being the 72.5% beneficial owner of Gay Giano (BVI)
“Mr. Wong”	Wong Pak Lam Louis, the 100% ultimate beneficial owner of Ti Yu
“Offer”	the Share Offer and the Option Offer
“Offer Share(s)”	all issued Share(s) other than those already owned by Ti Yu, Mr. Wong and parties acting in concert with any one of them
“Option(s)”	options granted by the Company under the Share Option Scheme
“Optionholder(s)”	holders of the Options
“Option Offer”	the mandatory unconditional cash offer to be made by Kingston Securities, on behalf of Ti Yu, to cancel all the outstanding Options in accordance with Rule 13 of the Takeovers Code
“Option Share(s)”	the Shares to be issued and allotted upon exercise of the Option(s) by the relevant employees including Directors under the Share Option Scheme
“party(ies) acting in concert”	the meaning ascribed thereto in the Takeovers Code
“Share Option Scheme”	the share option scheme adopted by the Company on 14 March 2000

“Sale and Purchase Agreement”	the agreement dated 26 June 2007 entered into between, among others, Ti Yu and Gay Giano (BVI) in relation to the purchase of 120,000,000 Shares, representing approximately 59.44% of the entire issued share capital of the Company as at the date of this announcement, from Gay Giano (BVI) by Ti Yu for a total consideration of HK\$100,000,000
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer to be made by Kingston Securities, on behalf of Ti Yu, to acquire all the issued Shares (other than those Shares already owned by Ti Yu, Mr. Wong and parties acting in concert with any one of them)
“Share Purchase”	the purchase of 120,000,000 Shares from Gay Giano (BVI) by Ti Yu in accordance with the terms and conditions of the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Ti Yu” or “Offeror”	Ti Yu Investments Limited, a company incorporated in the British Virgin Islands with limited liability and which is wholly and beneficially owned by Mr. Wong
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Ti Yu Investments Limited
Wong Pak Lam Louis
Sole Director

By order of the board of
Gay Giano International Limited
Cheung Yin Sheung
Chairman

Hong Kong, 5 July 2007

As at the date of this announcement, the executive Directors are Ms. Cheung Yin Sheung, Subraina, Mr. Tong Kwong Fat, Ms. Yung Wing Sze, Vivian; the non-executive Director is Ms. To Ming Oi, Wendy; and the independent non-executive Directors are Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel.

Mr. Wong Pak Lam Louis, being the sole director of Ti Yu, accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and Ti Yu's intention regarding the Group and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Ti Yu and Mr. Wong, the terms and conditions of the Offer and Ti Yu's intention regarding the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.