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GAY GIANO
INTERNATIONAL

GAY GIANO INTERNATIONAL GROUP LIMITED

(Incorporated in the Bermuda with limited liability)

(STOCK CODE: 686)

ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Directors of the Company wish to inform the public that the Company is informed by one of its Shareholders, Gay Giano (BVI) Group Ltd., currently holding 120,000,000 Shares representing approximately 60% of the issued share capital of the Company, that it is preliminarily negotiating with potential purchaser for the sale of all or part of the 120,000,000 Shares. **There is no assurance that the Negotiation will result in an acquisition in all or part of the 120,000,000 Shares and the transaction may or may not materialize. Investors and Shareholders are advised to exercise caution in dealing with the Shares.** Further announcement will be made in compliance with the Listing Rules and the Takeovers Code should there be any development on the Negotiation as and when appropriate. If the result of the Negotiation will in turn lead to a transaction which may trigger a mandatory general offer, the Company undertakes to act in compliance with the Takeovers Code.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 28 May 2007 and as the Negotiation is still in the preliminary stage, at the request of the Stock Exchange, trading in the Shares on the Stock Exchange shall be resumed on 4 June 2007. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 4 June 2007.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the suspension of trading in the shares of the Company (the “**Shares**”) on 28 May 2007. This announcement is to update the shareholders of the Company (the “**Shareholders**”) as to the status of the Company.

The directors (the “**Directors**”) of Gay Giano International Group Limited (the “**Company**”) wish to inform the public that the Company is informed by one of its Shareholders, Gay Giano (BVI) Group Ltd., currently holding 120,000,000 Shares representing approximately 60% of the issued share capital of the Company, that it is in the process of negotiating with potential purchaser for the sale of all or part of the 120,000,000 Shares (“**Negotiation**”) and such Negotiation is in the preliminary stage and remains on-going. **There is no assurance that the Negotiation will result in an acquisition in all or part of the 120,000,000 Shares and the transaction may or may not materialize. Investors and Shareholders are advised to exercise caution in dealing with the Shares.** Further announcement will be made in compliance with the Listing Rules and the Codes on Takeover and Mergers (“**Takeovers Code**”) should there be any development on the Negotiation as and when appropriate. If the result of the Negotiation will in turn lead to a transaction which may trigger a mandatory general offer, the Company undertakes to act in compliance with the Takeovers Code.

As the date of this announcement, the Company’s share capital comprises 200,130,000 ordinary shares and 15,020,000 share options in issue. Save as disclosed herein, the Company has no other relevant securities (as defined in the Takeovers Code) in issue. The associates (as defined in the Takeover Code) of the Company should disclose their dealings in the securities of the Company in compliance with the Takeovers Code. Stockbrokers, banks and others who deal in 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 that 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 in 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 periods is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other persons themselves to initiate disclosure of their own dealing, whatever total value is involved. Intermediaries are expected to co-operate with the Executive (as defined in the Takeovers Code) in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive (as defined in the Takeovers Code) with relevant information as to those dealing, including identities of clients, as part of that co-operation.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 28 May 2007 and as the Negotiation is still in the preliminary stage, at the request of the Stock Exchange, trading in the Shares on the Stock Exchange shall be resumed on 4 June 2007. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 4 June 2007.

By Order of the Board
Gay Giano International Group Limited
Cheung Yin Sheung, Subraina
Chairman

Hong Kong, 1 June 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.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the 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.

Please also refer to the published version of this announcement in the China Daily.