The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GAY GIANO INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

TERMINATION OF VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF 70% EQUITY INTERESTS IN THREE MINING COMPANIES INVOLVING ISSUE OF CONVERTIBLE BONDS AND RESUMPTION OF TRADING

The Board announces that the Agreement entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor on 30 October 2007 has been terminated due to the non-fulfillment of certain Conditions Precedent as stated in the Agreement. As such, the Company is not obliged to issue the Convertible Bonds which were initially proposed for payment of the Acquisition and has requested the Vendor to refund the deposit of HK$32.90 million accordingly.

Trading of the Shares has been suspended since 10:08 a.m. on 1 April 2008 pending on the release of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on 7 April 2008.

TERMINATION OF VERY SUBSTANTIAL ACQUISITION

Reference is made to the announcement of the Company dated 13 November 2007 in relation to, among other things, a very substantial acquisition of 70% equity interests in three mining companies (the "Announcement"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to the Agreement, the Completion is subject to, among other things, the fulfillment of the following Conditions Precedents:

(i) approval from the relevant PRC authorities being obtained for the sale of 70% of the equity interests of the Target Companies; and

(ii) no Material Adverse Change having occurred.

As at the date of this announcement, the abovementioned Conditions have not been fulfilled. In particular, pursuant to the Revised Guidelines to Foreign Investments Catalog (外商投資目錄2007修改) announced by the National Development and Reform Commission (國家發展和改革委員會), foreign

investors are prohibited from, among other things, investing in the exploration and mining of tin with effective from 1 December 2007. The Directors consider this as a Material Adverse Change that is incapable of being remedied. Therefore, the Agreement has not become unconditional by the long stop date, namely 31 March 2008, as stated in the Agreement. The Company has resolved to terminate the Agreement and is not obliged to issue the Convertible Bonds which were initially proposed for payment of the Acquisition. Furthermore, the Company has requested the Vendor to refund the deposit of HK$32.90 million accordingly. As the Conditions (a), (d), (e) and (g) as set out under the paragraph headed "Conditions Precedent" in the Announcement have been fulfilled, the Company, in addition to the HK$20 million deposit paid upon signing of the Agreement, paid a further deposit of HK$12.90 million by way of 4 installments to the Vendor against HK$13 million as pursuant to the Agreement. Both parties have agreed to settle the remaining shortfall of HK$100,000 as when the Acquisition is completed.

The Board considers that the termination of the Agreement will not have any material impact on the business of the Company. Taking into consideration of the recent global economic development, the Board considers that the termination of the Agreement will enable the Company to remain in a flexible financial position and the Board will continue to look for other investment projects beneficial to the Company.

RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 10:08 a.m. on 1 April 2008, pending on the release of this announcement. Application has been made for resumption of trading in the Shares with effect from 9:30 a.m. on 7 April 2008.

By order of the Board
Gay Giano International Group Limited
Wong Pak Lam, Louis
Chairman

Hong Kong, 3 April 2008

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