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Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

PRELIMINARY DISCUSSION IN RESPECT OF A POSSIBLE MERGER, A POSSIBLE INVESTMENT AND RESUMPTION OF TRADING OF SHARES

This statement is made at the request of The Stock Exchange of Hong Kong Limited. We have noted the recent increases in the price of the shares of the Company and wish to state that save for the contents of this announcement, we are not aware of any reasons for such increases.

The Board announces that the Company has entered into a non-binding letter of intent subject to contract which may or may not lead to a possible merger. The Company has also entered into a second non-binding letter of intent subject to contract which may or may not lead to a possible investment in a PRC Company.

Shareholders should note that as the discussions are still in a preliminary stage, the above transactions may or may not proceed. Shareholders and the public are advised to exercise caution when dealing in the shares of the Company.

Trading in the shares of the Company was suspended from 3:46 p.m. on Thursday, 30 November 2006 pending the release of this announcement. Application has been made for the resumption of trading in the shares of the Company on the Stock Exchange at 9:30 a.m. on Friday, 1 December 2006.

This statement is made at the request of The Stock Exchange of Hong Kong Limited. We have noted the recent increases in the price of the shares of the Company and wish to state that save for the contents of this announcement, we are not aware of any reasons for such increases.

Possible merger

The Company has entered into a non-binding letter of intent subject to contract which may or may not lead to a possible merger (the "Possible Merger"). The counter party to the letter of intent is Wits Basin Precious Minerals Inc. ("Wits Basin"), a company incorporated in Minnesota, the United States of America whose principal business is the exploration and development of minerals in Mexico, Colorado and South Africa.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wits Basin and its ultimate beneficial owners are not connected persons of the

Company, and are not connected with the Directors, chief executive(s) or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The above letter of intent is non-binding and the Possible Merger is subject to contract and further due diligence. It is currently intended that the Company and Wits Basin will, if they come to an agreement, enter into binding contracts within 4 months from 29 November 2006.

Possible investment

The Company has entered into a non-binding letter of intent subject to contract with SSC Mandarin Financial Services Limited (“SSC Mandarin”) which may or may not lead to a possible investment in SSC-Sino Gold Consulting Co., Ltd. (“SSC Gold”, and the transaction is herein referred to as the “Possible Investment”). The Company has been told that SSC Mandarin is a company incorporated in Hong Kong whose principal business is financial and investment services and that SSC Gold is a company incorporated in the People’s Republic of China (“PRC”) whose principal business is financial and investment services in gold industry.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, SSC Gold, SSC Mandarin and their respective ultimate beneficial owners are not connected persons of the Company, and are not connected with the Directors, chief executive(s) or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules).

The above letter of intent is non-binding and the Possible Investment is subject to contract and further due diligence. However the Company will pay a deposit of HK\$10,000,000 to an escrow agent, a limited liability company, to hold in escrow in relation to the Possible Investment. This money will only form part of the consideration of the Possible Investment should the parties agree and enter into binding contracts. If binding contracts are not entered into the money in escrow shall be returned to the Company upon the Company’s sole instructions to the escrow agent. It is currently intended that the Company and SSC Mandarin will, if they come to an agreement, enter into binding contracts within 4 months from 29 November 2006.

Shareholders should note that as the discussions on the Possible Merger and Possible Investment are still in a preliminary stage, the above transactions may or may not proceed. Shareholders and the public are advised to exercise caution when dealing in the shares of the Company.

We also confirm that save for the contents in this announcement, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

Resumption of trading

Trading in the shares of the Company was suspended from 3:46 p.m. on Thursday, 30 November 2006 pending the release of this announcement. Application has been made for the resumption of trading in the shares of the Company on the Stock Exchange at 9:30 a.m. on Friday, 1 December 2006.

This announcement is made pursuant to the Rule 13.09(1) of the Listing Rules.

As at the date of this announcement, the Board comprises Mr. Tse Wing Chiu, Ricky and Ms. Lui Yuk Chu as executive Directors and Mr. Kan Ka Hon, Mr. Kwong Jimmy Cheung Tim and Mr. Lau Sin Ming as independent non-executive Directors.

Made by the order of Easyknit Enterprises Holdings Limited the Board of directors of which individually and jointly accept responsibility for the accuracy of this statement.

By order of the Board of
Easyknit Enterprises Holdings Limited
Tse Wing Chiu, Ricky
Chairman and Chief Executive Officer

Hong Kong, 30 November 2006

** for identification only*

All directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement has 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 the document misleading.

Please also refer to the published version of this announcement in The Standard.