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**EASYKNIT INTERNATIONAL HOLDINGS LIMITED**

**永義國際集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1218)**

**PRICE SENSITIVE INFORMATION**

**AND**

**RESUMPTION OF TRADING**



**EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**永義實業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

**FURTHER DEVELOPMENTS**

**IN RELATION TO**

**MAJOR TRANSACTION**

**POSSIBLE ACQUISITION BY WAY**

**OF MERGER OF 100% OF**

**WITS BASIN PRECIOUS**

**MINERALS INC.**

**AND**

**RESUMPTION OF TRADING**

*In a statutory filing by WB with the SEC on August 15 2007, USA time, WB stated amongst other things that WB filed a declaratory judgment action against Enterprises for a declaration that WB is entitled to terminate the Merger Agreement pursuant to the terms of the Merger Agreement. It further stated that WB has not terminated the Merger Agreement, and currently intends to comply with the terms thereof.*

No writs or claims in this action have been legally served on Enterprises but Enterprises has learned from a copy of a complaint made by WB and provided to Enterprises' lawyers by WB's lawyers that WB has made pleadings to the effect that the due diligence was not satisfactory to WB for numerous reasons, and that there has been a material adverse change in the financial conditions of Enterprises.

In view of the fact that this matter is now before the courts Enterprises has been advised that it is inappropriate for it to comment in detail on these assertions of WB but Enterprises does not admit them or that WB is entitled to terminate the Merger Agreement on the grounds cited or on any other grounds. Enterprises intends to instruct lawyers in USA to contest the application by WB.

**The Merger may or may not be consummated. Investors should exercise caution when dealing in the Enterprises Shares and/or in the International Shares.**

Trading in the Enterprises Shares and in the International Shares on the Stock Exchange was suspended at the request of Enterprises and International respectively with effect from: 11:08 a.m. and 11:16 a.m. respectively on 17 August, 2007 pending the release of this announcement. International and Enterprises respectively have applied for a resumption of trading in the International Shares and Enterprises Shares with effect from 9:30 a.m. on 21 August, 2007.

On 17 July 2007 Easyknit Enterprises Holdings Limited made an announcement in relation to the proposed merger with WB (the “Announcement”). Terms defined in the Announcement are used herein with those defined meanings unless the context otherwise requires. A further announcement was made on 6th August, 2007.

It has now come to the attention of Enterprises that in a statutory filing by WB with the SEC on August 15 2007, USA time, WB stated amongst other things that:-

*“On August 15, 2007, Wits Basin Precious Minerals Inc. (the “Registrant”) filed a declaratory judgment action in the District Court in the Fourth Judicial District of the State of Minnesota against Easyknit Enterprises Holdings Limited, a British Virgin Islands corporation with its principal offices located in Hong Kong (“Easyknit”), and Race Merger, a Minnesota corporation and wholly owned subsidiary of Easyknit (“Race Merger”), pursuant to which the Registrant seeks a declaration by the court that Registrant is entitled to terminate that certain Agreement and Plan of Merger and Reorganization dated April 20, 2007, as amended on May 21, 2007 (as amended, the “Merger Agreement”), by and among the Registrant, Easyknit, and Race Merger, pursuant to the terms of the Merger Agreement based upon the determination by Registrant, in its sole and absolute discretion, that Registrant’s due diligence has caused it to conclude that the merger transaction is not in the best interests of the shareholders of Registrant and alternatively that there has been a material adverse change in the financial condition of Easyknit.*

*Registrant has not terminated the Merger Agreement, and currently intends to comply with the terms thereof until such time that the Merger Agreement is terminated by one or more of the parties thereto, whether pursuant to a judicial termination or otherwise....”*

No writs or claims in this action have been legally served on Enterprises but Enterprises has learned from a copy of a complaint made by WB and provided to Enterprises’ lawyers by WB’s lawyers that WB has made pleadings to the effect that the due diligence was not satisfactory to WB for numerous reasons, including, but not limited to the following:-

- (a) Enterprises have repeatedly failed to give consent to critical financings and acquisitions necessary for WB. Enterprises have provided no explanation as to why its consent was being withheld other than continual requests for additional information.
- (b) Enterprises lacks knowledge and experience in the field of precious metal exploration.
- (c) Enterprises refuses to communicate with WB other than with counsel present or in writing.
- (d) Enterprises' cash reserves as of December 30, 2006 was approximately \$14 million. As of June 30 2007, Enterprises has reported reserves of only \$3 million. Once trading was permitted to resume, the price of Enterprises has plunged 90%; in three days alone, between July 18 and 20, 2007 the price dropped by 80% with unusually heavy trading volume.

In view of the fact that this matter is now before the courts Enterprises has been advised that it is inappropriate for it to comment in detail on these assertions of WB but Enterprises does not admit them or that WB is entitled to terminate the Merger Agreement on the grounds cited or on any other grounds and Enterprises intends to instruct lawyers in USA to contest the application by WB.

### **Break up fee**

It is a term of the Merger Agreement that if a Wits Basin Payment Event occurs, Wits Basin must pay Enterprises, and if an Enterprises Payment Event occurs, Enterprises must pay Wits Basin, a fee of US\$30,000,000 (approximately HK\$234,000,000).

If a Wits Basin Payment Event occurs, Wits Basin must reimburse Enterprises, 100% of its documented out-of-pocket fees and expenses (including reasonable fees and expenses of its counsel) up to US\$500,000 (approximately HK\$3,900,000) actually incurred by it in connection with the Merger Agreement and the Transactions.

If an Enterprises Payment Event occurs, Enterprises must reimburse Wits Basin 100% of its documented out-of-pocket fees and expenses (including reasonable fees and expenses of its counsel) up to US\$500,000 (approximately HK\$3,900,000) actually incurred by it in connection with the Merger Agreement and the Transactions.

As at the date of this announcement, neither Wits Basin nor Enterprises has requested the other to pay any of the fees above.

Trading in the Enterprises Shares and in the International Shares on the Stock Exchange was suspended at the request of Enterprises and International respectively with effect from 11:08 a.m. and 11:16 a.m. respectively on 17 August, 2007 pending the release of this announcement. International and Enterprises respectively have applied for a resumption of trading in the International Shares and Enterprises Shares with effect from 9:30 a.m. on 21 August, 2007.

**The Merger may or may not be consummated. Investors should exercise caution when dealing in the Enterprises Shares and/or in the International Shares.**

At the date of this announcement, the Board of International comprises Mr. Tse Wing Chiu, Ricky, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim as executive directors and Mr. Wong Sui Wah, Michael, Mr. Tsui Chun Kong and Mr. Jong Koon Sang as independent non-executive directors.

At the date of this announcement, the Board of Enterprises comprises Mr. Tse Wing Chiu, Ricky, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim as executive directors and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.

By order of the Board of  
**EASYKNIT INTERNATIONAL  
HOLDINGS LIMITED**  
**Tse Wing Chiu, Ricky**  
*President and Chief  
Executive Officer*

By order of the Board of  
**EASYKNIT ENTERPRISES  
HOLDINGS LIMITED**  
**Tse Wing Chiu, Ricky**  
*Chairman and Chief  
Executive Officer*

Hong Kong, 20 August, 2007

\* *For identification only*