

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.



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)



EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

**PRICE SENSITIVE INFORMATION
AND
RESUMPTION OF TRADING**

**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

WB has sent a letter to Enterprises purporting to terminate the Merger Agreement on the grounds cited or on any other grounds.

Enterprises does not admit any allegations made by WB or that WB is entitled to terminate the Merger Agreement on the grounds cited or on any other grounds. Enterprises is taking legal advice in the US about the purported termination of the Merger Agreement.

The Merger may or may not be consummated. Investors should exercise caution when dealing in the Enterprises 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 9:42 a.m. on 2 November, 2007 pending the release of this announcement. Enterprises and International respectively have applied for a resumption of trading in the Enterprises Shares and International Shares with effect from 9:30 a.m. on 7 November, 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. Further announcements were made on 6 August, 2007 and on 20 August, 2007.

WB has sent a letter to Enterprises purporting to terminate the Merger Agreement for certain reasons. Although WB asserts these reasons are “among others” no other reasons are specified. The reasons asserted can be summarised thus

- (a) a Parent Material Adverse Effect has occurred under the Merger Agreement (broadly speaking, “Parent Material Adverse Effect” means any effect that is or is reasonably likely to be materially adverse to the business, financial condition or results of operations of Enterprises and its subsidiaries, taken as a whole, with certain exceptions and qualifications);
- (b) WB is not satisfied with its “due diligence” findings;
- (c) Enterprises has breached certain covenants in the Merger Agreement.

WB, Enterprises and Race Merger continue to be involved in the litigation previously started by WB on 15 August, 2007 whereby WB is seeking declaratory judgment against Enterprises for a declaration that WB is entitled to terminate the Merger Agreement with damages pursuant to the terms of the Merger Agreement, as set out in more detail in the announcement of Enterprises dated 20 August, 2007. WB’s claim was amended on 30 August, 2007 to particularise their claim for alleged damages from Enterprises on the ground that Enterprises did not grant WB’s request for consent to WB’s proposed commercial transaction. Enterprises did not grant WB the said request for consent because WB failed to supply Enterprises with the necessary relevant information in relation to the proposed commercial transaction which Enterprises’ US lawyers have advised to be necessary before any granting of consent by Enterprises.

In view of the fact that the Merger Agreement is already before the courts in the US Enterprises has been advised that it is inappropriate for it to comment in detail on the 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 has instructed lawyers in the US to advise it on the letter from 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, Wits Basin has not requested Enterprises to pay any of the fees above but Enterprises is claiming payment from Wits Basin of the fees and expenses referred to above. Based on legal advice received from lawyers in the US, the directors of Enterprises are of the view that WB's alleged grounds of termination of the Merger Agreement are without merit. They believe that WB should be liable to Enterprises for the break up fee of US\$30,000,000 (approximately HK\$234,000,000). The directors of Enterprises take the view that this development adds nothing to what has previously been disclosed in Enterprises' announcements in August 2007 and has no impact on the Group's position.

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 9:42 a.m. on 2 November, 2007 pending the release of this announcement. Enterprises and International respectively have applied for a resumption of trading in the Enterprises Shares and International Shares with effect from 9:30 a.m. on 7 November, 2007.

The Merger may or may not be consummated. Investors should exercise caution when dealing in the Enterprises 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, 6 November, 2007

** For identification only*