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EASYKNIT INTERNATIONAL HOLDINGS LIMITED EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)



永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

**TERMINATION OF MAJOR TRANSACTION IN RELATION TO
POSSIBLE ACQUISITION BY WAY OF MERGER OF 100 % OF
WITS BASIN PRECIOUS MINERALS INC.
PRICE SENSITIVE INFORMATION FOR
EASYKNIT INTERNATIONAL HOLDINGS LIMITED**

Enterprises and Race Merger have entered into a Settlement Agreement and General Release with WB in relation to the Merger Agreement and the litigation between the parties, and the Merger will not proceed.

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, 20 August 2007 and 6 November 2007.

On 19 December 2007, Enterprises and Race Merger entered into a Settlement Agreement and General Release (the “Settlement and Release”) with WB, the major terms of which are summarised below:

- (a) The parties agree to dismiss the litigation previously started by WB on 15 August 2007 (the “Lawsuit”), including all claims, counterclaims, and defenses, with prejudice and on the merits, without further costs or fees to any party;
- (b) The parties agree that all written or oral agreements entered into between the parties prior to the execution of the Settlement and Release, including the Merger Agreement, are deemed terminated;

- (c) WB, for itself and its officers, directors and shareholders, fully releases, acquits and discharges Enterprises and Race Merger and their predecessors, successors, parents, subsidiaries, representatives, attorneys, directors, officers, agents or insurers, of any and all claims, liabilities, causes of action, damages, costs, attorneys' fees, expenses, and compensation that WB may have in connection with the Lawsuit or the Merger Agreement; and
- (d) Enterprises and Race Merger, for themselves and their officers, directors and shareholders, fully release, acquit and discharge WB and its predecessors, successors, parents, subsidiaries, representatives, attorneys, directors, officers, agents or insurers, of any and all claims, liabilities, causes of action, damages, costs, attorneys' fees, expenses, and compensation that Enterprises and/or Race Merger may have in connection with the Lawsuit or the Merger Agreement.

Pursuant to the Settlement and Release, the Merger will not proceed.

This announcement is made in compliance with Rule 13.09 and Rule 14.36 of the Listing Rules.

At the date of this announcement, the Board of International comprises Mr Kwong Jimmy Cheung Tim and Ms Lui Yuk Chu as executive directors, Mr Tse Wing Chiu, Ricky as non-executive director 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 Kwong Jimmy Cheung Tim and Ms Lui Yuk Chu as executive directors, Mr Tse Wing Chiu, Ricky as non-executive director 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**
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

By order of the Board of
**EASYKNIT ENTERPRISES
HOLDINGS LIMITED**
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Hong Kong, 19 December 2007

** For identification only*