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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)**

## **UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

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

The Board is aware that Easyknit Enterprises, an associate of the Company, is still in negotiation with Wits Basin as to the terms of the Possible Merger and that the parties may or may not enter into a non-binding heads of agreement shortly. Discussion between the parties includes the possibility that the Possible Merger may lead to a dilution of the Company's shareholding in Easyknit Enterprises from approximately 35.93% to below 30% and the Company may cease to be a controlling shareholder of Easyknit Enterprises.

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

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 and of the announcement dated 30 November 2006 ("Announcement") issued by Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Company, we are not aware of any reasons for such increases.

### **Possible Merger of Easyknit Enterprises**

Reference is made to the Announcement. The board of directors of the Company ("Board") is aware that Easyknit Enterprises and Wits Basin Precious Minerals Inc. ("Wits Basin") are still negotiating the terms of the possible merger ("Possible Merger") and may or may not enter into a non-binding heads of agreement shortly.

The Board understands that the Possible Merger may involve an issue of shares by Easyknit Enterprises which may lead to a dilution of the Company's shareholding in Easyknit Enterprises from approximately 35.93% to below 30% and the Company may cease to be a controlling shareholder of Easyknit Enterprises.

In addition, it is also a subject of discussions that, amongst other things, completion of the Possible Merger will be conditional upon The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) not ruling that the Possible Merger and the transactions contemplated therein will constitute or deemed to be a reverse take-over transaction under Rule 14.06 of the Rules Governing the Listing of Securities of the Stock Exchange. Based on current discussions, the parties also intend that the Possible Merger may not proceed if it triggers mandatory takeover requirements under the Code on Takeovers and Mergers and Share Repurchases of Hong Kong.

The parties may or may not enter into the non-binding heads of agreement and the Possible Merger is subject to contract and further due diligence.

**Shareholders should note that as the discussions on the Possible Merger are still in a preliminary stage, it 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 and the 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.

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

As at the date of this announcement, the executive Directors are Mr. Tse Wing Chiu, Ricky and Ms. Lui Yuk Chu and the independent non-executive Directors are Mr. Wong Sui Wah, Michael, Mr. Tsui Chun Kong and Mr. Jong Koon Sang.

By order of the Board of  
**Easyknit International Holdings Limited**  
**Tse Wing Chiu, Ricky**  
*President and Chief Executive Officer*

Hong Kong, 1 February 2007

\* *for identification only*