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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

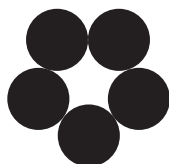
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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Morning Star Resources Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

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**星晨集團有限公司\***

**Morning Star Resources Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 542)**

*Company website: [www.msr.com.hk](http://www.msr.com.hk)*

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ACQUISITION OF EQUITY INTERESTS IN  
MALAYAN UNITED INDUSTRIES BERHAD**

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\* *For identification purpose only*

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## TABLE OF CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
 <b>Letter from the Board</b>	
1. Introduction .....	3
2. The Acquisition .....	4
3. Consideration .....	4
4. Reasons for the Acquisition .....	5
5. Effects for the Acquisition .....	6
6. Information on MUI .....	6
7. Information on the MSRL Group .....	7
8. Listing Rules Implications .....	7
9. Additional Information .....	8
 <b>Appendix – General Information</b> .....	 9

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings, unless the context requires otherwise:*

“Acquisition”	the acquisition in aggregate of 10,260,000 ordinary shares of RM1 each in the capital of MUI by the Company through Swift Progress in the open market transactions on the Bursa Malaysia Securities Berhad since 30 November 2007
“Board”	the board of Directors
“Company”	Morning Star Resources Limited, a company incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	31 March 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
“MSRL Group”	the Company and its subsidiaries
“MUI”	Malayan United Industries Berhad, a public listed liability company, incorporated and domiciled in Malaysia, is listed on the main board of Bursa Malaysia Securities Berhad
“RM”	Ringgit Malaysia, the lawful currency of Malaysia

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## DEFINITIONS

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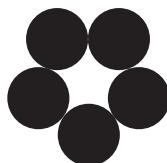
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary shares of HKD0.20 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swift Progress”	Swift Progress Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“The MUI Group”	MUI and its subsidiaries
“%”	per cent

*For the purposes of this circular, all amounts in RM are translated into HKD at an exchange rate of RM1: HKD2.4651 unless otherwise stated.*

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LETTER FROM THE BOARD

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**星晨集團有限公司\***

**Morning Star Resources Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 542)**

*Company website: www.msr.com.hk*

*Directors:*

Tan Sri Dr. KHOO Kay Peng\* (*Chairman*)

Mr. WONG Nyen Faat (*Executive Director*)

Mr. KHET Kok Yin\*

Mr. CHEANG Yoon Hoong\*

Mr. CHAN Choung Yau\* (*also as Alternate  
Director to Mr. KHET Kok Yin*)

Mr. WONG Kim Ling\*\*

Mr. OH Hong Choon\*\*

Mr. OOI Boon Leong @ LAW Weng Leun\*\*

\* *Non-Executive Directors*

\*\* *Independent Non-Executive Directors*

*Registered office:*

The Offices of Caledonian Bank  
& Trust Limited

P.O. Box 1043

George Town

Grand Cayman KY1-1102

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Unit 1803, 18/F

Tower 1, Enterprise Square

No. 9 Sheung Yuet Road

Kowloon Bay

Kowloon, Hong Kong

2 April 2008

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ACQUISITION OF EQUITY INTERESTS IN  
MALAYAN UNITED INDUSTRIES BERHAD**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 17 March 2008 in which the Board announced that the Company through Swift Progress acquired an aggregate of 10,260,000 ordinary shares at a total consideration of RM2,696,000 (equivalent to approximately HKD6,646,000), representing approximately 0.53% of the entire issued share capital of MUI.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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The Acquisition constitutes a connected and discloseable transaction for the Company under the Listing Rules.

The purpose of this circular is to provide you with further details in relation to the Acquisition and other information prescribed by the Listing Rules.

### 2. THE ACQUISITION

The Board announces that the Company through Swift Progress acquired the following equity interests in MUI in the open market transactions on the Bursa Malaysia Securities Berhad.

Trading date	No. of MUI shares acquired	5-day average closing price of MUI shares before trading date (in RM)	Unit price of MUI shares (in RM)	Total consideration paid (in RM)
30th November, 2007	960,000	0.329	0.332	319,931.71
10th March, 2008	4,780,000	0.260	0.247	1,185,106.60
11th March, 2008	3,220,000	0.254	0.260	838,932.92
13th March, 2008	600,000	0.258	0.267	161,234.76
14th March, 2008	700,000	0.258	0.271	190,828.69
Total:	<u>10,260,000</u>			<u>2,696,034.68</u>

Swift Progress acquired an aggregate of 10,260,000 ordinary shares of MUI at a total consideration (inclusive of brokerage fees, contract stamp duties and clearing fees) of approximately RM2,696,000 (equivalent to approximately HKD6,646,000), representing approximately 0.53% of the entire issued share capital of MUI.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the vendors of the shares are third parties independent of the Company and its connected persons.

### 3. CONSIDERATION

The total consideration (inclusive of brokerage fees, contract stamp duties and clearing fees) of the Acquisition is a sum of RM2,696,000 (equivalent to approximately HKD6,646,000) which has been satisfied by the Company in cash from its internal resources. The value of the consideration is determined by reference to the market value and liquidity of shares of MUI which are quoted on the Bursa Malaysia Securities Berhad.

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## LETTER FROM THE BOARD

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The Board is of the opinion that as the Acquisition is conducted on the open market at the prevailing market prices of shares of MUI, though a little higher than the 5-day average closing price of MUI in four out of five acquisitions. The unit price in each of the acquisitions is fair and reasonable as they were conducted on the open market.

#### **4. REASONS FOR THE ACQUISITION**

The Directors have been exploring opportunities to make strategic investment of the MSRL Group in order to enhance Shareholders' value.

The MUI Group is engaged in retailing, hotels, food and confectionery, property, financial services, travel and tourism. The MSRL Group operates its businesses mainly in Hong Kong and China whilst The MUI Group's operations are mainly outside Hong Kong and China. Both The MUI Group and the MSRL Group are engaged in travel and travel related services, property development and investment, financial services and securities broking which are complementary and synergistic with each other.

The Board noted that MUI had returned to profitability with an unaudited pre-tax profit of RM28 million (equivalent to approximately HKD69 million) for the year ended 31 December 2007 in its public announcement to Bursa Malaysia Securities Berhad on 27 February 2008 compared to a loss of RM247 million (equivalent to approximately HKD609 million) the previous year. According to MUI's said announcement, profits for 2007 were mainly because its rationalization exercise by disposing of non-core assets to reduce gearing and focus on continuous improvement to cost efficiency and streamlining of its core businesses which have yielded positive results with better performances by all the business segments in 2007.

In view of the above and the current market prices of MUI shares, the Company is of the view that the acquisition of equity interests in MUI is in line with the MSRL Group's future strategic development.

Any decision by the Company to acquire further interests in MUI depends on various factors including timing, price of MUI shares and the availability of resources. The Company is aware of the aggregation rules and will ensure that it complies with the relevant Listing Rules.

The Directors (including the Independent Non-Executive Directors) of the Company are of the opinion that the Acquisition is on normal commercial terms, fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 5. EFFECTS FOR THE ACQUISITION

The Acquisition will be classified as a non-current asset and shown in “available-for-sale financial assets” on the consolidated balance sheet of the Company. The Board does not expect that the Acquisition will have any material effect on the earnings and liabilities of the Group.

The Group has applied its internal source of funding for the payment of consideration of RM2,696,000 (equivalent to approximately HKD6,646,000) and cash of the Group would be decreased by the same amount accordingly.

### 6. INFORMATION ON MUI

MUI is an investment holding company. The principal activities of its subsidiary and associated companies are retailing, hotels, food and confectionery, property, financial services, travel and tourism.

The audited net profits/losses (both before and after taxation, minority interest and extraordinary items) for the two financial years ended 31 December 2005 and 31 December 2006 and the net asset value of MUI as at 31 December 2006 are as follows:–

		<b>For the year ended 31 December 2006</b>	<b>For the year ended 31 December 2005 <i>(restated)</i></b>
(Loss)/Profit before taxation, minority interest and extraordinary items	(RM)  (HKD equivalent)	(246,694,000)  (608,125,000)	(412,405,000)  (1,016,620,000)
(Loss)/Profit after taxation, minority interest and extraordinary items	(RM)  (HKD equivalent)	(217,883,000)  (537,103,000)	(371,150,000)  (914,922,000)



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## LETTER FROM THE BOARD

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As at  
31 December  
2006

Net asset value	(RM)	1,131,577,000
	(HKD equivalent)	2,789,450,000

*(Note:* The financial statements of MUI are prepared in accordance with applicable approved Financial Reporting Standards in Malaysia)

The significant losses incurred by MUI in the above-mentioned two financial years were mainly due to the impairment of assets and allowance for doubtful debts. According to the annual reports and the quarterly results announcements published by MUI, the impairments were to comply with the new Malaysian Financial Reporting Standards and also part of MUI's rationalization exercise. Those assets impaired were goodwill, property, plant and equipment and investments in associated companies.

Tan Sri Dr. KHOO Kay Peng, the Chairman, a Non-Executive Director and a deemed substantial shareholder of the Company whose shareholding interests in the Company are held through corporate interests, is also the Chairman and Chief Executive of MUI, and has deemed interest in 913,752,500 ordinary shares in MUI (inclusive of the 10,260,000 shares held by the Company) which represents approximately 47.09% of the entire issued share capital of MUI. Therefore, MUI is an associate of Tan Sri Dr. KHOO Kay Peng who is a connected person of the Company. Mr KHET Kok Yin, a Non-Executive Director of the Company, is also a Non-Executive Director of MUI. At present, Mr KHET has no interests in the Shares of the Company.

### 7. INFORMATION ON THE MSRL GROUP

The principal activities of the Company consist of investment holding and the provision of management services. The subsidiaries of the MSRL Group are mainly engaged in the provision of travel and travel related services, property development, property agency services, hotel investment and hotel management services, financial services, securities broking and investments.

### 8. LISTING RULES IMPLICATIONS

The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios (as defined in the Listing Rules) for the Acquisition are less than 25% and the total consideration for the connected transaction is less than HKD10,000,000, the transaction is exempt from the independent shareholders' approval requirements. Since the relevant

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## LETTER FROM THE BOARD

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percentage ratios for the Acquisition are in excess of 5% but less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### 9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix of this circular.

Yours faithfully,  
By Order of the Board  
**Morning Star Resources Limited**  
**WONG Nyen Faat**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

## 2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures and its associated corporations, within the meaning of Part XV of the SFO, which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or the chief executive were deemed or taken to have under such provisions of the SFO, which are required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange, pursuant to the Model Code, were as follows:

### (i) The Company

Name of Director	Notes	Nature of interest	Number of Shares (Long position)	Percentage of issued share capital
Tan Sri Dr. KHOO Kay Peng	(a) & (b)	Corporate	1,402,325,657	58.08
CHEANG Yoon Hoong		Personal	2,852,500	0.12

### (ii) Associated corporation

Name of associated corporation	Name of Director	Notes	Nature of interest	Number of shares	Percentage of issued share capital
Morning Star Financial Services Limited ("MSFS")	Tan Sri Dr. KHOO Kay Peng	(a)	Corporate	192,500 ordinary shares of HK\$1 each	0.45

*Notes:*

- (a) 879,382,985 Shares issued by the Company and 192,500 shares issued by MSFS were held by Firstway International Investment Limited (“Firstway”), of which each of Norcross Limited (“Norcross”) and Cherubim Investment (HK) Limited (“Cherubim”) had a 35% interest in the voting share capital. A 50% of the issued share capital of each of Norcross and Cherubim was held by KKP Holdings Sdn Bhd (“KKP Holdings”), and the remaining 50% of the issued share capital of each of these companies was held by Soo Lay Holdings Sdn Bhd (“SL Holdings”). Both of KKP Holdings and SL Holdings were 99.9% beneficially owned by Tan Sri Dr. KHOO Kay Peng. Pursuant to Section 344 of Part XV of the SFO, Tan Sri Dr. KHOO Kay Peng was deemed to be interested in 99.9% of the shares held by Firstway.
- (b) 522,942,672 Shares were held by Bonham Industries Limited (“Bonham”) which was owned as to 37.18%, 49.22% and 13.60% by KKP Holdings, SL Holdings and Norcross respectively. By virtue of the interests of Tan Sri Dr. KHOO Kay Peng in KKP Holdings and SL Holdings as mentioned in Note (a) above, he was deemed to be interested in 99.9% of the shares held by Bonham.

As at the Latest Practicable Date, certain Directors also held qualifying shares in certain subsidiaries of the Company which were beneficially owned by the Company or its other subsidiaries.

Save as disclosed above, as at the Latest Practicable Date, there are no interests and short positions of each Director and chief executive of the Company in any shares and underlying shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which he has taken or deemed to have under such provisions of the SFO, or which were required, to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities together with particulars of any options in respect of such capital:

#### (i) Interests of substantial shareholders

Name	Notes	Number of Shares (Long position)	Percentage of issued share capital
KKP Holdings Sdn Bhd ("KKP Holdings")	(a) & (b)	1,402,325,657	58.08
Soo Lay Holdings Sdn Bhd ("SL Holdings")	(a) & (b)	1,402,325,657	58.08
Cherubim Investment (HK) Limited ("Cherubim")	(a)	879,382,985	36.42
Norcross Limited ("Norcross")	(a)	879,382,985	36.42
Firstway International Investment Limited ("Firstway")	(a)	879,382,985	36.42
Bonham Industries Limited ("Bonham")	(b)	522,942,672	21.66

*Notes:*

- (a) These Shares were held by Firstway, of which each of Norcross and Cherubim had a 35% interest in the voting share capital. Norcross and Cherubim were owned as to 50% by KKP Holdings and 50% by SL Holdings. Pursuant to Section 316 of Part XV of the SFO, each of KKP Holdings, SL Holdings, Norcross and Cherubim was deemed to be interested in the Shares held by Firstway.

- (b) These Shares were held by Bonham, which was owned as to 37.18%, 49.22% and 13.60% by KKP Holdings, SL Holdings and Norcross respectively. Pursuant to Section 316 of Part XV of the SFO, each of KKP Holdings and SL Holdings was deemed to be interested in the Shares held by Bonham.

**(ii) Interest of other person**

Name	<i>Notes</i>	Number of Shares (Long position)	Percentage of issued share capital
Hope Foundation (“HF”)	<i>(a) &amp; (b)</i>	131,084,500	5.43

*Notes:*

- (a) 63,000,000 Shares were held by Hope Investment Limited (“HIL”), which is 100% owned by HF. Pursuant to Section 316 of Part XV of the SFO, HF was deemed to be interested in all the Shares held by HIL.
- (b) 68,084,500 Shares were held by Prime View International Limited (“PVI”). PVI is 100% owned by Hope International Limited which in turn is 100% owned by HF. Pursuant to Section 316 of Part XV of the SFO, each of Hope International Limited and HF was deemed to be interested in all the Shares held by PVI.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive knows of any person (not being a Director or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person’s interest in such securities together with particulars of any options in respect of such capital.

#### **4. DIRECTORS’ COMPETING INTERESTS**

As at the Latest Practicable Date, Tan Sri Dr. KHOO Kay Peng is the Chairman and Chief Executive of MUI. The MUI Group are engaged in various businesses including retailing, hotels, food and confectionary, property, financial services and travel and tourism in the Asia Pacific, the United Kingdom, Europe and the United States of America.

Mr. KHET Kok Yin, Mr. CHEANG Yoon Hoong and Mr. CHAN Choung Yau are directors of a number of member companies of The MUI Group.

By virtue of the interests of Tan Sri Dr. KHOO, Mr. KHET, Mr. CHEANG and Mr. CHAN in The MUI Group as mentioned above, they are considered to have interests in the businesses of The MUI Group. Both The MUI Group and the MSRL Group are engaged in travel and travel-related services, hotel investment and management services, property development and property agency services, financial services and securities broking which are complementary and synergistic with each other, but not competing pursuant to Rule 8.10 of the Listing Rules.

The MSRL Group operates its businesses mainly in Hong Kong and the PRC, whilst The MUI Group's operations are mainly outside Hong Kong and the PRC. In essence, the businesses between the MSRL Group and The MUI Group are synergistic to each other.

## **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with the Company or any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## **6. DIRECTORS' INTERESTS IN ASSETS / CONTRACTS AND OTHER INTERESTS**

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

## **7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2006, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## **8. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is located at The Offices of Caledonian Bank & Trust Limited, P.O. Box 1043, George Town, Grand Cayman KY1-1102, Cayman Islands and the head office of the Company in Hong Kong is located at Unit 1803, 18th Floor, Tower 1, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Ms. HO Kuan Lai, an associate member of the Singapore Association of the Institute of Chartered Secretaries and Administrators.
- (d) The qualified accountant of the Company is Mr. MOK Ho Ming, *C.P.A.*.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.