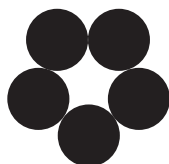

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.



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

DISCLOSEABLE TRANSACTION

**SUBSCRIPTION FOR SHARES IN
OASIS MEZZANINE FUNDING LIMITED**

* *For identification purpose only*

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DEFINITIONS

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

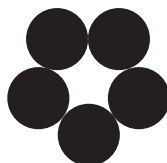
“Board”	the board of Directors
“Company”	Morning Star Resources Limited, a company incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“MSRL Group”	the Company and its subsidiaries
“HK\$”	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”	9 May 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
“MS Hotel Investments”	Morning Star Hotel Investments Limited, a company incorporated in the Cayman Islands with limited liability, a wholly-owned subsidiary of the Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
“OMF”	Oasis Mezzanine Funding Limited, a company incorporated in Hong Kong with limited liability
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Shareholders”	holders of the Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent

For the purposes of this circular, all amounts in US\$ are translated into HK\$ at an exchange rate of US\$1: HK\$7.82 unless otherwise stated.

LETTER FROM THE BOARD



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

13 May 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**SUBSCRIPTION FOR SHARES IN
OASIS MEZZANINE FUNDING LIMITED**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 24 April 2008 in which the Board announced that the Company, through MS Hotel Investments, subscribed for 78,000 shares in OMF at a total consideration of US\$5,000,000 (equivalent to HK\$39,100,000).

* *For identification purpose only*

LETTER FROM THE BOARD

The subscription constitutes a 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 subscription and other information prescribed by the Listing Rules.

2. THE SUBSCRIPTION

The Board wishes to announce that on 13 June 2007, the Company, through MS Hotel Investments, subscribed for 78,000 shares of HK\$500 each in OMF at a total consideration of US\$5,000,000 (equivalent to HK\$39,100,000), representing approximately 11.10% of the entire issued share capital of OMF immediately after the subscription.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, (i) no connected person of the Company was involved in the subscription and (ii) OMF and its beneficial owners were not connected persons of the Company.

3. CONSIDERATION

The total consideration of the subscription is a sum of US\$5,000,000 (equivalent to HK\$39,100,000) which has been satisfied by the Company in cash from its internal resources. The value of the consideration is determined by reference to the nominal value of 78,000 shares of HK\$500 each in OMF.

4. REASONS FOR THE SUBSCRIPTION

The Directors have been exploring opportunities to make strategic investments for the MSRL Group in order to enhance Shareholders' value. Based on the investment indicative term sheet and as mentioned in the section "INFORMATION ON OMF" pertaining to the investment activities of OMF, the indicative returns to OMF from this subscription of shares would be as follows:

- A coupon rate of 9.5% for investment in redeemable convertible bonds to be issued by OHKA; and
- A 12% loan interest rate for investment in mezzanine loan to OGII.

As the MSRL Group is involved in the travel industry, the Board was of the view that the investment in OMF was a good investment opportunity and would enable the MSRL Group to capitalise on the growth in the airline and travel industries. The airline and travel industries are synergistic with each other and the investment provided an opportunity for the MSRL Group to expand its travel business.

LETTER FROM THE BOARD

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

5. EFFECTS OF THE SUBSCRIPTION

The subscription has been classified as a non-current asset and shown in “available-for-sale financial assets” on the consolidated balance sheet of the Company in its interim and final results for the year ended 31 December 2007. The assets of the MSRL Group were increased by HK\$39,100,000 originally. Subsequent to the provisional liquidation of OHKA and OGII as stated in Section 9 on “ADDITIONAL INFORMATION”, an impairment loss of HK\$15,600,000 has been made in respect of the subscription. The net amount of the subscription was thus valued as HK\$23,500,000 in the final results of the Company for the year ended 31 December 2007.

After charging the impairment loss of HK\$15,600,000, the MSRL Group recorded a net loss of HK\$6,500,000 for the year ended 31 December 2007.

The MSRL Group has applied its internal source of funding for the payment of consideration of US\$5,000,000 (equivalent to HK\$39,100,000) and cash of the MSRL Group has been decreased by the same amount accordingly. The subscription did not have any significant effect on the earnings and liabilities of the MSRL Group upon the initial recognition of the subscription. The actual earnings impact will depend on the future performance of OMF.

6. INFORMATION ON OMF

OMF was incorporated in Hong Kong on 4 January 2007 as an investment company. According to the investment indicative term sheet, the principal activities of OMF include (i) investment in equity interests in Oasis Hong Kong Airlines Limited (“OHKA”, an international passenger carrier); (ii) investment in redeemable convertible bonds to be issued by OHKA; and (iii) investment in mezzanine loan to Oasis Growth and Income Investments Limited (“OGII”, an aircraft leasing and asset holding company).

Based on the latest information available, (i) OGII holds approximately 11.92% of equity interests of OHKA and OMF holds approximately 1.84% of equity interests of OHKA; (ii) the amount of investment by OMF in OHKA is HK\$47,781,805 and the amount of loan provided by OMF to OGII is HK\$331,907,398; (iii) OMF did not invest in OGII; (iv) OHKA has issued convertible bonds to a few parties but OMF and the Company did not subscribe for any of such bonds.

LETTER FROM THE BOARD

As OMF was incorporated in January 2007, presently, only the draft management accounts of OMF are available. Based on the draft management accounts of OMF for the five months period ended 31 May 2007, (i) the unaudited profit before taxation was HK\$3,152,632 and the unaudited net profit after taxation was HK\$2,600,922; (ii) the unaudited net asset value of OMF as at 31 May 2007 was HK\$315,576,632. According to OMF, the draft management accounts of OMF have been prepared in accordance with the applicable Hong Kong Accounting Standards.

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, financial services, securities broking and investments.

8. LISTING RULES IMPLICATIONS

As the relevant percentage ratios for the subscription are in excess of 5% but less than 25%, the subscription constitutes a discloseable transaction of the Company under the Listing Rules. Due to an inadvertent oversight by the Company, the Company failed to comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules in a timely manner which has constituted a breach of the Listing Rules. The Company has appointed a Joint Company Secretary on 18 April 2008 and this would strengthen the Company's efforts to ensure that the requirements of the Listing Rules are complied with on a timely basis by the Company.

9. ADDITIONAL INFORMATION

It was reported on 9 April 2008 that OHKA and OGII had voluntarily applied to the Hong Kong court for provisional liquidation. On the basis of prudence, the Company has already made provision for impairment loss amounting to HK\$15,600,000 for its investment in OMF to provide a prudent reflection of the fair value of the investment in OMF in the Company's final results for the year ended 31 December 2007.

Based on the latest information available, approximately 87% of OMF's assets are loans to OGII while the remaining 13% are investments and loans to OHKA.

As the provisional liquidators of OGII are still assessing the financial position of OGII, the Company deems it inappropriate to comment on the probability of the recoverability of the loan provided by OMF to OGII at this point of time.

LETTER FROM THE BOARD

Nevertheless, the Company, after considering various aspects, including the aforesaid asset portfolio of OMF, on-going efforts of rescue for OHKA and asset-backed business nature of OGII, has made an impairment of 40% or HK\$15,600,000 of the total value of investment in OMF. The Company considers the 40% impairment reasonably sufficient for the time being pending further developments of OHKA and OGII.

Your attention is also drawn to the general information set out in the appendix to 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. 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 MSRL 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) & (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 MSRL 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 Malayan United Industries Berhad (“MUI”), which is a public listed company in Malaysia. MUI and its subsidiaries and associated companies (“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, 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 Mainland China, whilst The MUI Group's operations are mainly outside Hong Kong and Mainland China. 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 MSRL Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. 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.

7. 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 joint company secretaries of the Company are Ms. HO Kuan Lai, an associate member of the Singapore Association of the Institute of Chartered Secretaries and Administrators, and Mr. MOK Ho Ming, *C.P.A.*.
- (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.