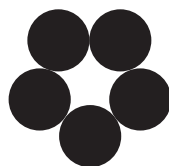

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 responsibilities 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's website: www.msr.com.hk)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN
BEIJING MORNING STAR – NEW ARK INTERNATIONAL
TRAVEL SERVICE CO., LTD.**

18 November 2008

* 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:

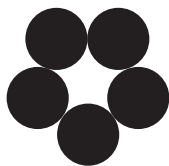
“Acquisition”	the acquisition of the 21% equity interests in the JV Company by the Purchaser from BNAIT pursuant to the Transfer of Equity Interests Agreement
“Board”	the Board of Directors of Morning Star Resources Limited
“BTG”	BTG International Travel & Tours Co., Ltd., the parent company of BNAIT
“BNAIT”	Beijing New Ark International Travel Co., Ltd., a state-owned enterprise incorporated in the PRC and a subsidiary of BTG
“Business Days”	any day on which the banks in PRC are open for business
“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
“Completion”	completion of the Acquisition
“Directors”	the directors of the Company
“Equity Interests”	21% equity interests in the JV Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	Beijing Morning Star – New Ark International Travel Service Co., Ltd., a sino-foreign joint venture company incorporated in the PRC
“Latest Practicable Date”	14 November 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
“PRC”	People’s Republic of China

DEFINITIONS

“Purchaser”	Morning Star Travel Service Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Equity Interests Agreement”	the transfer of equity interests agreement dated 29 October 2008 entered into between BNAIT, the Purchaser and BTG in relation to the Acquisition
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

For the purpose of this circular, all amounts in RMB are translated into HK\$ at an exchange rate of RMB 0.8814:HK\$1 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's website: www.msr.com.hk)

Directors:

Tan Sri Dr. KHOO Kay Peng* (*Chairman*)
Mr. WONG Nyen Faat (*Executive Director*)
Mr. KHET Kok Yin*
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

18 November 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN
BEIJING MORNING STAR – NEW ARK INTERNATIONAL
TRAVEL SERVICE CO., LTD.**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 31 October 2008 in which the Board announced that on 29 October 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into a Transfer of Equity Interests Agreement with BNAIT and BTG pursuant to which BNAIT agreed to transfer 21% equity interests in the JV Company to the Purchaser and 30% equity interests in the JV Company to BTG for a cash consideration of RMB1,050,000 (equivalent to approximately HK\$1,191,287) and RMB1,500,000 (equivalent to approximately HK\$1,701,838), respectively.

* *For identification purpose only*

LETTER FROM THE BOARD

Prior to the signing of the Transfer of Equity Interests Agreement, the Purchaser holds 49% equity interests in the JV Company while BNAIT holds the remaining 51%. Hence the JV Company is an associated company of the Company. Upon completion, the JV Company which is a sino-foreign equity joint venture established in the PRC for the purposes of engaging in the travel agency business in the PRC shall become a 70% owned subsidiary of the Company. Save for the transfer of the 21% equity interests in the JV Company, the Company has no other transaction with BNAIT and BTG and their associates in the past 12 months.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, BNAIT, BTG and Beijing Tourism Group, being the ultimate parent company of BNAIT and BTG, are third parties independent of the Company and its connected persons.

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

The purpose of this circular is to provide Shareholders with other information in compliance with the requirement of the Listing Rules.

2. SALIENT TERMS OF THE TRANSFER OF EQUITY INTERESTS AGREEMENT

Date of Agreement

29 October 2008

Parties

BNAIT : As the current 51% shareholder of the JV Company

Purchaser : As the current 49% shareholder of the JV Company

BTG : As the parent company of BNAIT

Assets to be acquired: 21% equity interests in the JV Company.

The JV Company is currently owned as to 51% by BNAIT and as to 49% by the Purchaser. After the Acquisition, the Purchaser will hold 70% equity interests in the JV Company which shall then become a subsidiary of the Company.

Consideration

The consideration for the Acquisition is RMB1,050,000 (equivalent to approximately HK\$1,191,287) which will be satisfied by the Group in cash from its internal resources. The value of the consideration at RMB1,050,000 (approximately HK\$1,191,287) was determined by both parties to the Transfer of Equity Interests Agreement after arm's length negotiations and is equivalent to 21% of the JV Company's total paid-up and registered capital of RMB5,000,000 as at 30 September 2008. As at the Latest Practicable Date, the consideration for the Acquisition has been paid.

LETTER FROM THE BOARD

Completion

The Completion of the transfer of the 21% and 30% equity interests from BNAIT to the Purchaser and BTG respectively shall take place within thirty (30) Business Days upon full payment of the Consideration and the delivery by BNAIT to the Purchaser and BTG, duly executed instrument(s) of transfer and (if required) sold note(s) in favour of the Purchaser and BTG respectively; and/or any other documents as may be required to give a good and effective transfer of title for the equity interests.

Other Terms and Conditions

BNAIT, the Purchaser and BTG have collectively agreed that should there be any financial provisions/write-offs/losses, including but not limited to, accounts receivables and other receivables, made in the accounts of the JV Company before the Completion, the actual amount of the financial provisions/write-offs/losses made in the accounts of the JV Company shall be borne by the Purchaser and BTG/BNAIT at a ratio of 49%: 51% respectively but such provisions/write-offs/losses shall be confined to the associated assets/liabilities incurred by the JV Company on or before the Completion. Any financial provisions/write-offs/losses made in the accounts of the JV Company for the associated assets/liabilities incurred by the JV Company after the Completion shall be borne by the Purchaser and BTG at a ratio of 70%: 30% respectively.

Based on the unaudited management accounts of the JV Company as at 30 September 2008, the associated assets/liabilities are as follows:

	As at 30	
	September 2008	
	<i>RMB</i>	<i>HK\$ equivalent</i>
Non-Current Assets		
Plant & equipment	273,746	310,581
Deferred tax assets	44,616	50,619
	<u>318,362</u>	<u>361,200</u>
Current Assets		
Cash and bank balances	2,147,565	2,436,538
Trade receivables	6,629,479	7,521,533
Prepayment	745,000	845,246
Other receivables	746,555	847,011
Deposits	600,000	680,735
	<u>10,868,599</u>	<u>12,331,063</u>
Total assets	11,186,961	12,692,263

LETTER FROM THE BOARD

	As at 30	
	September 2008	
	<i>RMB</i>	<i>HK\$ equivalent</i>
Less:		
Current Liabilities		
Trade payables	6,499,358	7,373,903
Deposits received	8,942	10,145
Other payables	375,473	425,996
Accruals	4,522	5,130
Tax payables	10,557	11,978
	<u>6,898,852</u>	<u>7,827,152</u>
Net assets	<u>4,288,109</u>	<u>4,865,111</u>
Capital and reserves		
Paid-up capital	5,000,000	5,672,793
Share premium	2,677	3,037
Accumulated losses	<u>(714,568)</u>	<u>(810,719)</u>
Shareholders' equity	<u>4,288,109</u>	<u>4,865,111</u>

Upon Completion, the new board of directors of the JV Company shall consist of five members, in which three (3) directors shall be appointed by the Purchaser and the remaining two (2) directors shall be appointed by BTG.

Financial effects of the Acquisition

After the Acquisition, the assets and liabilities of the Group would increase due to 100% consolidation. There is no effect on the share capital of the Company as the consideration is paid in cash.

The Acquisition is not expected to have any significant effect on the earnings of the Group for the year ending 31 December 2008.

3. REASONS FOR THE ACQUISITION

Over the past three decades since the adoption of the open door and reform policies, the PRC's economy has been developing and prospering, leading to the flourishing travel and tourism industry in the PRC. The Group which is also involved in the travel and tourism industry is keen to expand its business and capitalize on the growth potential in the huge travel and tourism market in the PRC through the Acquisition.

The Directors consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

4. INFORMATION ON THE JV COMPANY

The JV Company is a sino-foreign joint venture company incorporated in the PRC on 13 July 2000 with a 20-year joint venture period. The registered and paid-up capital of the JV Company is RMB5,000,000 (approximately HK\$5,672,793). The JV Company is currently owned as to 51% by BNAIT and as to 49% by the Purchaser.

Upon Completion, the Purchaser will have 70% equity interests in the JV Company and BTG the remaining 30%.

The existing principal business activities of the JV Company includes (1) inbound travel: to promote and arrange reception for tourists who are foreigners, Chinese emigrants, visitors from Hong Kong, Macau and Taiwan; to arrange for transportation, sightseeing, food and accommodation, shopping, entertainment, tourist guide service and other travel-related services; and to act as agent to apply for tourist visas; and (2) domestic tours: to promote and arrange reception for domestic tours and to arrange for transportation, sightseeing, food and accommodation, shopping, entertainment, tourist guide service and other travel-related services.

The audited net profits (both before and after taxation, and minority interests) for the two financial years ended 31 December 2006 and 2007 and the net asset value of the JV Company as at 31 December 2007 are as follows:–

		Year ended 31 December 2006	Year ended 31 December 2007
Profit before taxation	(RMB)	173,305	152,132
and minority interests	(HK\$ equivalent)	196,625	172,603
Profit after taxation	(RMB)	177,076	85,819
and minority interests	(HK\$ equivalent)	200,903	97,367
			As at 31 December 2007
Net asset value	(RMB)		4,352,473
	(HK\$ equivalent)		4,938,136

(Note: The financial statements of the JV Company are prepared in accordance with PRC GAAP)

Mr KHET Kok Yin, a non-executive director of the Company together with Mr CHEANG Yoon Hoong and Mr NG Chai are the existing 3 nominated directors of the Group on the board of the JV Company.

LETTER FROM THE BOARD

5. INFORMATION ON THE GROUP AND THE PURCHASER

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

The Purchaser is a subsidiary of the Company involved in travel and travel-related services.

6. INFORMATION ON BNAIT AND BTG

BNAIT is a state-owned enterprise incorporated in the PRC on 14 October 1988 with a total paid-up and registered capital of RMB5,100,000. BNAIT is engaged in the provision of inbound and outbound travel services in PRC.

BTG, incorporated in the PRC on 24 December 1999, is the parent company of BNAIT with a total paid-up and registered capital of RMB68,075,300. The principal activities of BTG are inbound, outbound and domestic travel services and other travel related services in PRC.

7. LISTING RULES IMPLICATION

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

8. 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
HO Kuan Lai
Joint Company Secretary

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 herein 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 for Securities Transactions by the Directors of Listed Issuers ("Model Code") contained in the Listing Rules, 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	1,530,223,657	63.38

(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

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.

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) 650,840,672 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.

Save as disclosed above, 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)	1,530,223,657	63.38
Soo Lay Holdings Sdn Bhd ("SL Holdings")	(a) & (b)	1,530,223,657	63.38
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)	650,840,672	26.96

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.

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 Malayan United Industries Berhad ("MUI"), which is a publicly listed company in Malaysia. MUI and its subsidiaries and associated companies ("The MUI Group") are engaged in various businesses including retailing, hotels, food and confectionery, 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 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 Kay Peng, Mr. KHET Kok Yin and Mr. CHAN Choung Yau 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 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 Group operates its businesses mainly in Hong Kong and PRC whilst the MUI Group's operations are mainly outside Hong Kong and PRC. In essence, the businesses between the 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. 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, an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The qualified accountant of the Company is Mr. MOK Ho Ming, an associate member of the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.