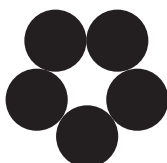

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, 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.

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

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTERESTS IN MALAYAN UNITED INDUSTRIES BERHAD

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders of Morning Star Resources Limited**

Access 
Capital

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DEFINITIONS

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

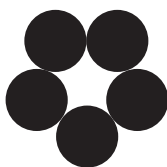
“Acquisition”	the acquisition in aggregate of 27,240,000 ordinary shares of RM1 each in the capital of MUI by the Company through Swift Progress in the open market transactions on the Bursa Malaysia Securities Berhad from 3 March 2009 to 14 April 2009
“Board”	the board of Directors
“Company”	Morning 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
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors
“Independent Financial Adviser”	Access Capital Limited, the independent financial adviser appointed to make relevant recommendation to the Independent Board Committee and Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	Shareholders other than Tan Sri Dr. KHOO Kay Peng and his associates (as defined in the Listing Rules)
“Latest Practicable Date”	12 May 2009, 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
“MSRL Group”	the Company and its subsidiaries

DEFINITIONS

“MUI”	Malayan United Industries Berhad, a public limited liability company, incorporated and domiciled in Malaysia, is listed on the main board of Bursa Malaysia Securities Berhad
“PRC”	People’s Republic of China
“Previous Announcement”	the Company’s announcement dated 17 March 2008 regarding the discloseable and connected transaction in relation to acquisition of equity interests in MUI
“Preceding Period”	period for the Company’s acquisition of MUI shares for a 12 months period commencing from 17 March 2008, being the date of the Previous Announcement to 17 March 2009
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HKD0.20 each in the issued share capital of the Company
“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 purpose of this circular, all amounts in RM are translated into HKD at an approximate exchange rate of RM1 : HKD2.1585 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

14 May 2009

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 23 April 2009 in which the Board announced that following the Previous Announcement, the Company through its wholly-owned subsidiary, Swift Progress, had further

* *For identification purpose only*

LETTER FROM THE BOARD

acquired the following MUI shares in the open market transactions on the Bursa Malaysia Securities Berhad from 3 March 2009 to 14 April 2009 at a total consideration (inclusive of brokerage fees, contract stamp duties and clearing fees) of approximately RM5,103,000 (equivalent to approximately HKD11,014,000), representing approximately 1.40% of the entire issued share capital of MUI.

Trading date	No. of MUI shares acquired	5-day average closing price of MUI shares before trading date <i>(in RM)</i>	Unit price of MUI shares <i>(in RM)</i>	Total consideration paid <i>(in RM)</i>
3 March 2009	300,000	0.137	0.133	40,050.96
5 March 2009	1,700,000	0.136	0.142	242,261.36
6 March 2009	1,000,000	0.137	0.142	142,179.70
10 March 2009	1,000,000	0.138	0.139	139,708.36
11 March 2009	200,000	0.141	0.140	28,186.40
12 March 2009	900,000	0.141	0.139	126,044.69
13 March 2009	300,000	0.141	0.140	42,204.60
16 March 2009	396,600	0.139	0.135	53,798.46
17 March 2009	600,000	0.138	0.135	81,388.80
Subtotal :	6,396,600			895,823.33
25 March 2009	181,000	0.147	0.145	26,375.56
26 March 2009	100,000	0.148	0.150	15,148.50
27 March 2009	113,000	0.148	0.144	16,447.28
31 March 2009	500,000	0.144	0.149	74,787.84
3 April 2009	459,400	0.144	0.150	69,240.87
6 April 2009	1,003,600	0.146	0.158	159,632.59
7 April 2009	566,800	0.151	0.160	91,049.66
8 April 2009	429,600	0.153	0.157	67,814.63
14 April 2009	17,490,000	0.173	0.210	3,687,089.02
Subtotal:	20,843,400			4,207,585.95
Total:	27,240,000			5,103,409.28

To date, the Company through Swift Progress had acquired an aggregate of 37,500,000 MUI shares at a total consideration of approximately RM7,800,000 (equivalent to approximately HKD16,836,000), representing 1.93% of the entire issued share capital of MUI.

LETTER FROM THE BOARD

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.

2. CONSIDERATION

The total consideration of the Acquisition is a sum of approximately RM5,103,000 (equivalent to approximately HKD11,014,000) 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. 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 marginally higher than the 5-day average closing price of MUI shares in ten out of eighteen acquisitions. The unit price in each of the acquisitions is fair and reasonable as they were conducted on the open market.

3. REASONS FOR THE ACQUISITION

As stated in the Previous Announcement, 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, financial services and securities broking which are complementary and synergistic with each other.

The Board noted that MUI had reported an audited pre-tax loss of RM72 million (equivalent to approximately HKD155 million) for the year ended 31 December 2008 in its public announcement to Bursa Malaysia Securities Berhad on 30 April 2009 compared to a profit of RM26 million (equivalent to approximately HKD56 million) the previous year. According to MUI's announcement, the loss for 2008 was mainly attributable to the diminution in value of investments and foreign exchanges losses arising from the current global economic and financial crisis. MUI also announced that its revenue had increased to RM953 million (equivalent to approximately HKD2,057 million) in 2008 from RM764 million (equivalent to approximately HKD1,649 million) in 2007, an increase of 24.7% and all its business segments were profitable except for the travel and tourism division which reported a small operating loss.

LETTER FROM THE BOARD

Taking into account the latest financial performance of MUI and in view of the recent movements in the market prices of MUI shares, the Company is of the view that the acquisition of additional equity interests in MUI is in line with the MSRL Group's treasury management and future strategic development goals.

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 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.

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.

4. 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 2007 and 31 December 2008 and the net asset value of MUI as at 31 December 2007 and 31 December 2008 are as follows:

		For the year ended 31 December 2008	For the year ended 31 December 2007
(Loss)/Profit before	(RM)	(71,883,000)	25,914,000
taxation, minority	(HKD equivalent)	(155,159,000)	55,935,000
interest and extraordinary items			
(Loss)/Profit after	(RM)	(74,142,000)	10,356,000
taxation, minority	(HKD equivalent)	(160,036,000)	22,353,000
interest and extraordinary items			

LETTER FROM THE BOARD

		As at 31 December 2008	As at 31 December 2007
Net asset value	(RM)	948,102,000	1,122,461,000
	(HKD equivalent)	2,046,478,000	2,422,832,000

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

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 951,624,927 ordinary shares in MUI which represents approximately 49.04% 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 an Independent Non-Executive Director of MUI. At present, Mr KHET has no interests in the Shares of the Company.

5. 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, financial services, securities broking and investments.

6. FINANCIAL EFFECT OF THE ACQUISITION

The Acquisition will be classified as a non-current asset and shown as “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, assets and liabilities of the Group.

LETTER FROM THE BOARD

7. REASONS FOR DELAY IN COMPLIANCE

Pursuant to the Listing Rules, in respect of the aggregation of series of transactions by the Company for the period from 3 March 2009 to 14 April 2009, the Board had earlier taken the following view:

- (i) During the Preceding Period, Swift Progress had in aggregate acquired 6,396,600 ordinary shares of MUI at a total consideration of approximately RM896,000 (equivalent to approximately HKD1,934,000) which were aggregated by the Company and treated as one transaction as these transactions took place within a 12 month period from the Previous Announcement. As the relevant percentage ratios (as defined in the Listing Rules) were less than 25% and the total consideration was less than HKD10,000,000, the transaction was treated by the Company as exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules; and
- (ii) For the period from 25 March 2009 to 14 April 2009, the Company had acquired an aggregate 20,843,400 MUI shares at a total consideration of approximately RM4,207,000 (equivalent to approximately HKD9,080,000). As the relevant percentage ratios (as defined in the Listing Rules) are less than 25% and the total consideration was less than HKD10,000,000, these transactions were treated by the Company as a discloseable transaction and a connected transaction that is exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

However, upon consultation with the Stock Exchange, the Company was informed as follows:

- (i) Pursuant to the Listing Rules, the Stock Exchange considered that the acquisitions of MUI Shares completed in March and April 2009 should be aggregated as one transaction together because under Rule 14A.25 "*the Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were completed within a 12 month period or otherwise related*" and the acquisition involves "*the acquisition or disposal of securities or an interest in one particular company or group of companies*" under Rule 14A.26. In this respect, the Acquisition would constitute a discloseable and connected transaction that would be subject to Independent Shareholders' approval.

LETTER FROM THE BOARD

- (ii) The acquisitions from 3 March 2009 to 10 March 2009 should not be aggregated with acquisitions transacted in the Previous Announcement as the Previous Announcement did not cover any future acquisitions of MUI shares and accordingly based on the aggregated consideration for the said period which had exceeded HKD1,000,000, the aggregated acquisitions would therefore constitute a connected transaction on 10 March 2009 under Rule 14A.31(2).

8. LISTING RULES IMPLICATION

As MUI is an associate of 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, the Acquisition constitutes a connected transaction for the Company under 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 Acquisition is more than HKD10,000,000, the transaction will be subject to reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules. Since the relevant percentage ratios for the Acquisition are in excess of 5% but less than 25%, the Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

9. EXTRAORDINARY GENERAL MEETING

Following the Company's announcement made on 23 April 2009 wherein it was stated that an extraordinary general meeting will be convened for the purpose of seeking the confirmation, approval and ratification by the Independent Shareholders for the Acquisition, the Company wish to correct the said statement and inform the Shareholders that as the transaction has already been completed, an extraordinary general meeting is not necessary and as such would not be convened. Nevertheless, to keep the Shareholders informed, the Company would like to issue this circular disclosing the details of the Acquisition in accordance with the relevant provisions of Chapters 14 and 14A of the Listing Rules and the recommendations made by the Independent Financial Adviser and the Independent Board Committee in support of the transaction.

LETTER FROM THE BOARD

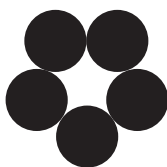
10. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Your attention is drawn to the letter from the Independent Board Committee which contains its view on the Acquisition and the letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders.

11. 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



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)

Independent Board Committee:

Mr. WONG Kim Ling

Mr. OH Hong Choon

Mr. OOI Boon Leong @ LAW Weng Leun

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

14 May 2009

To the Independent Shareholders

Dear Sir and Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

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

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board in the circular dated 14 May 2009 (the "Circular") to the Shareholders, of which this letter forms part of. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, we consider that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned.

Yours faithfully,

Mr. WONG Kim Ling

Mr. OH Hong Choon

Mr. OOI Boon Leong @ LAW Weng Leun

Independent Non-Executive Directors

Independent Board Committee

LETTER FROM ACCESS CAPITAL LIMITED

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Access Capital prepared for the purpose of inclusion in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

14 May 2009

*To: The Independent Board Committee
and the Independent Shareholders of Morning Star Resources Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF EQUITY INTERESTS IN MALAYAN UNITED INDUSTRIES BERHAD

I. INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the acquisition of equity interests in Malayan United Industries Berhad (the “Acquisition”), details of which are contained in the “Letter from the Board” of the circular to the Shareholders dated 14 May 2009 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise specifies.

On 23 April 2009, the Company announced that its wholly-owned subsidiary, Swift Progress, had further acquired 27,240,000 MUI shares in a series of open market transactions on the Bursa Malaysia Securities Berhad from 3 March 2009 to 14 April 2009 at a total consideration (inclusive of brokerage fees, contract stamp duties and clearing fees) of approximately RM5,103,000 (equivalent to approximately HKD11,014,000), representing approximately 1.40% of the entire issued share capital of MUI.

LETTER FROM ACCESS CAPITAL LIMITED

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. The Board is of the opinion that as the Acquisition was conducted on the open market at the prevailing market prices of shares of MUI, though marginally higher than the 5-day average closing price of MUI shares in ten out of eighteen acquisitions, the unit price in each of the acquisitions is fair and reasonable.

Pursuant to the Listing Rules, the Stock Exchange considered that the acquisitions of MUI shares by the Company completed in March and April 2009 should be aggregated as one transaction together because under Rule 14A.25 “the Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were completed within a 12 month period or otherwise related” and the Acquisition involved “the acquisition or disposal of securities or an interest in one particular company or group of companies” under Rule 14A.26.

As MUI is an associate of 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, the Acquisition constitutes a connected transaction for the Company under 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 Acquisition is more than HKD10,000,000, the transaction will be subject to reporting, announcement and independent shareholders’ approval requirements of Chapter 14A of the Listing Rules. Since the relevant percentage ratios for the Acquisition are in excess of 5% but less than 25%, the Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

In this respect, the Acquisition would constitute a discloseable and connected transaction that would be subject to Independent Shareholders’ approval. However, as stated in the “Letter from the Board” of this circular, as the transaction has already been completed, an extraordinary general meeting is not necessary and as such would not be convened. Nevertheless, to keep the Shareholders informed, the Company would like to issue this circular disclosing the details of the Acquisition in accordance with the relevant provisions of Chapters 14 and 14A of the Listing Rules together with our recommendation and the recommendation of the Independent Board Committee.

LETTER FROM ACCESS CAPITAL LIMITED

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of one executive Director, namely Mr WONG Nyen Faat, three non-executive Directors, Tan Sri Dr. KHOO Kay Peng (Chairman), Mr. KHET Kok Yin and Mr. CHAN Choung Yau (also as an alternate Director to Mr. KHET Kok Yin), and three independent non-executive Directors, namely Mr. WONG Kim Ling, Mr. OOI Boon Leong @ LAW Weng Leun and Mr. OH Hong Choon.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. WONG Kim Ling, Mr. OOI Boon Leong @ LAW Weng Leun and Mr. OH Hong Choon, has been established to advise the Independent Shareholders as to whether the terms of the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition were agreed on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the MSRL Group contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the MSRL Group contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and accurate and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the MSRL Group made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM ACCESS CAPITAL LIMITED

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of the MSRL Group

1.1 Principal business of the Company

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

1.2 Financial performance of the MSRL Group

As stated in the annual report of the Company for the year ended 31 December 2008, the MSRL Group's revenue decreased by approximately 10% from approximately HK\$540 million in 2007 to approximately HK\$485 million in 2008. Despite the challenging business environment in 2008, the main business divisions of the MSRL Group, namely the Travel and Tourism Division and the Property Division remained profitable. The MSRL Group recorded a pre-tax loss of approximately HK\$27.1 million for the financial year ended 31 December 2008 (2007: HK\$6.5 million loss). The loss was mainly attributed to a final impairment amounting to approximately HK\$23.4 million relating to the MSRL Group's investment in Oasis Hong Kong Airlines Limited

LETTER FROM ACCESS CAPITAL LIMITED

and Oasis Growth and Income Investments Limited which have gone into liquidation, and other non-recurring expenses amounting to approximately HK\$3.9 million.

Turnover for the MSRL Group's Travel and Tourism Division for the year ended 31 December 2008 amounted to approximately HK\$417 million (2007: HK\$485 million). The decline in turnover of approximately 14% reflected weakening consumer spending, sentiment and demand brought about by the economic slowdown as a result of the global financial crisis that started in 2008. Nevertheless, the management was able to counter the negative effects of the weakening consumer demand by implementing various product development and cost management measures, and consequently achieved a higher profit of approximately HK\$1.6 million for 2008 (2007: HK\$0.6 million). However, included in the profit was a gain of approximately HK\$0.7 million from the disposal of a property in Thailand under the Travel and Tourism Division.

The MSRL Group's property businesses are in Zhongshan, Guangdong Province, the People's Republic of China ("PRC"). For the year ended 31 December 2008, turnover of the MSRL Group's Property Division amounted to approximately HK\$66 million (2007: HK\$51 million) with a corresponding profit of approximately HK\$3.4 million (2007: HK\$6.6 million). The decrease in profit was mainly due to higher development costs for its latest developed units as well as some lowering of prices due to stiff competition amidst weakening demand.

For the year ended 31 December 2008, turnover for the MSRL Group's Financial Services Division, which was mainly derived from its retail securities broking, amounted to approximately HK\$1.6 million (2007: HK\$3.9 million) with a corresponding loss of approximately HK\$0.2 million (2007: HK\$2.5 million profit). The decrease in turnover was attributed to the overall reduction of the securities broking market in Hong Kong for 2008.

We note from several annual reports of the Company that the Company has a long history of investing in listed and unlisted securities, both in Hong Kong and overseas. In particular, in the Company's announcement dated 15 April 2009, the Company requested Shareholders' approval to invest in shares in The Bank of East Asia, Limited, a well-known listed bank in Hong Kong. In the announcement dated 24 April 2008, the

LETTER FROM ACCESS CAPITAL LIMITED

Company made a substantial unlisted investment in Oasis Mezzanine Funding Limited, which subsequently proved to be unsuccessful. Furthermore, in considering the share acquisition track history of the MSRL Group, investments in MUI shares can be traced back to November 2007. Therefore, we are of the view that the Acquisition is consistent with the past investment pattern of the Company and is not considered to be an extraordinary transaction.

Furthermore, the MSRL Group possesses substantial cash balances, which were approximately HK\$136 million and HK\$173 million for the year ended 31 December 2008 and 2007 respectively. The cash balances as at the end of 2008 represented approximately 46.7%, 40.4% and 34.2% of the net assets, current assets and total assets of the MSRL Group respectively. The cash balances as at the end of 2007 represented approximately 53.0%, 43.1% and 35.1% of the net assets, current assets and total assets of the MSRL Group respectively. Given the successive downward trend of interest rates in all major economies, which adversely impacts on the return that the MSRL Group can generate from its net cash resources, the MSRL Group is seeking to invest its cash in selected securities as part of the MSRL Group's treasury management goals to enhance returns from the MSRL Group's net cash balances.

1.3 Background of MUI and reasons for the Acquisition

As stated in the Previous Announcement, the Directors have been exploring opportunities to make strategic investment on behalf 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, financial services and securities broking which are complementary and synergistic with each other.

As stated in MUI's Directors' Report and Financial Statements for the year ended 31 December 2008 which was published to Bursa Malaysia Securities Berhad on 30 April 2009, MUI reported an audited pre-tax loss of approximately RM72 million (equivalent to approximately HKD155 million) for the year ended 31 December 2008 compared

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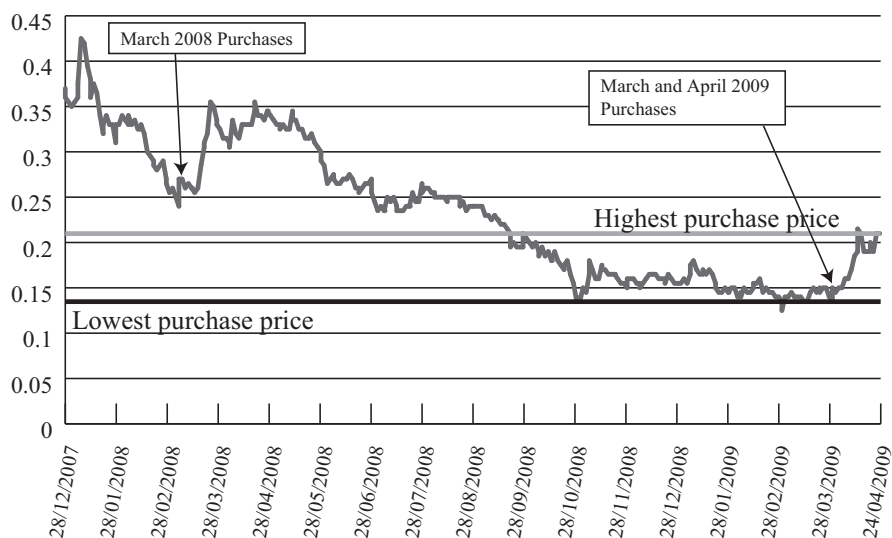
to a pre-tax profit of approximately RM26 million (equivalent to approximately HKD56 million) in the previous year. According to MUI, the said loss for 2008 was attributable to the current global economic and financial crisis, and as a result, MUI had to make allowances for the fall in the value of investments and incurred foreign exchanges losses. MUI also announced that its revenue had increased to approximately RM953 million (equivalent to approximately HKD2,057 million) in 2008 from RM764 million (equivalent to approximately HKD1,649 million) in 2007, an increase of approximately 24.7% and all its business segments were profitable except for the travel and tourism division which reported a small operating loss. Based on the audited balance sheet of the above-mentioned annual audited accounts, the net assets per share of MUI as at 31 December 2008 was approximately RM0.35 (“MUI NAV Per Share”), which is significantly higher than the level of the share price of MUI traded in recent months.

Whilst MUI and the MSRL Group are managed by separate executives and a separate board of directors, they are owned by the same controlling shareholder under the ownership interests of the Companies of Tan Sri Dr. Khoo Kay Peng (non-executive chairman of the Company). As such, both MUI and the Company share similar management philosophies and culture. In addition, the MSRL Group operates in some of the similar businesses as that of MUI, albeit in different markets, and both groups have a long history of commercial collaborations. Consequently, this degree of familiarity and affinity in business cultures and the MSRL Group’s understanding of the business fundamentals of MUI provides the MSRL Group with the comfort and confidence in investing in the shares of MUI.

Set out in the diagram below is the price movement of MUI from 28 December 2007 to 24 April 2009, which showed (1) the lowest and highest purchase price of MUI shares by the MSRL Group at RM0.21 and RM0.133 respectively, and (2) the range of prices paid by the MSRL Group for MUI shares under the Acquisition.

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RM



As shown in the above diagram, the share price of MUI has exhibited a declining trend since December 2007 but appears to have stabilized in recent months, when the purchases under the Acquisition took place, and were made at prices lower than MUI NAV Per Share. Given the extreme volatility in the equity markets since the onslaught of the economic and credit crises, it is reasonable for the MSRL Group to act accordingly and to invest in areas and companies in which the MSRL Group are familiar, such as MUI.

Taking into account the latest financial result of MUI and in view of the recent movements in the market prices of MUI shares as set out in the above, the Company is of the view that the acquisition of additional equity interests in MUI is in line with the MSRL Group's treasury management and future strategic development goals. Any decision by the Company to acquire further interests in MUI shall depend on various factors including timing, price of MUI shares and the availability of resources.

Furthermore, as stated in the announcement of the Company dated 17 March 2008, the Company had also purchased MUI shares from 10 March 2008 to 14 March 2008 ("March 2008 Purchases") with daily average unit prices from RM0.247 to RM0.271. These prices were higher than the prices for the Acquisition. Furthermore, as shown in the above diagram, the March 2008 Purchases were concluded at prices around the period low. Subsequently the share price of MUI shares increased and it

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was not until early 2009 that similar acquisition opportunities appeared. Therefore, we consider that it is reasonable for the Company to act again and invest in MUI shares and that the investment pattern of the Acquisition and March 2008 Purchases remain consistent with MSRL Group's treasury management and future strategic development goals.

2. The terms of the Acquisition

2.1 Party

Swift Progress, as purchaser

2.2 The assets acquired

A total of 27,240,000 MUI shares from 3 March 2009 to 14 April 2009 were purchased by the Company through Swift Progress in the open market.

2.3 Consideration

The total consideration of the Acquisition is a sum of approximately RM5,103,000 (equivalent to approximately HK\$11,014,000) 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 Bursa Malaysia Securities Berhad. The Board is of the opinion that as the Acquisition was conducted on the open market at the prevailing market prices of shares of MUI, though marginally higher than the five-day average closing price of MUI shares in ten out of eighteen acquisitions. The unit price in each of the acquisitions is fair and reasonable as they were conducted on the open market.

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An analysis of the trading of MUI shares is summarised below:

Date	No. of MUI shares acquired	Unit price (in RM)	High (in RM)	Low (in RM)	Total consideration (in RM)
14/04/2009	17,490,000	0.210	0.22	0.19	3,687,089.02
08/04/2009	429,600	0.157	0.16	0.155	67,814.63
07/04/2009	566,800	0.160	0.16	0.155	91,049.66
06/04/2009	1,003,600	0.158	0.165	0.155	159,632.59
03/04/2009	459,400	0.150	0.155	0.145	69,240.87
31/03/2009	500,000	0.149	0.15	0.135	74,787.84
27/03/2009	113,000	0.144	0.15	0.14	16,447.28
26/03/2009	100,000	0.150	0.15	0.14	15,148.50
25/03/2009	181,000	0.145	0.15	0.135	26,375.56
17/03/2009	600,000	0.135	0.14	0.13	81,388.80
16/03/2009	396,600	0.135	0.14	0.13	53,798.46
13/03/2009	300,000	0.140	0.14	0.135	42,204.60
12/03/2009	900,000	0.139	0.14	0.135	126,044.69
11/03/2009	200,000	0.140	0.145	0.135	28,186.40
10/03/2009	1,000,000	0.139	0.14	0.135	139,708.36
06/03/2009	1,000,000	0.142	0.145	0.135	142,179.70
05/03/2009	1,700,000	0.142	0.145	0.135	242,261.36
03/03/2009	300,000	0.133	0.14	0.125	40,050.96
Total	<u>27,240,000</u>				<u>5,103,409.28</u>

We note that all the unit prices paid under the Acquisition are within the price range at the date of purchase and that all the MUI shares were purchased at open market prices. Based on the above table, the average unit price per MUI share under the Acquisition is approximately RM0.187 per share, as compared with the closing price of RM0.260 as at the Latest Practicable Date.

The Company intended for the MUI shares purchased under the Acquisition will to be classified as a non-current asset and reflected in “available-for-sale financial assets” under the heading of Non-current Assets on the consolidated balance sheet of the Company. We understand that the MSRL Group will continue to keep a close watch on the market share price and liquidity of the MUI shares in exercising any decision to increase or dispose of its shareholding in MUI shares accordingly.

In view of the factors set out above, the Directors 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. We concur with this view.

3. Expected financial impact on the MSRL Group as a result of the Acquisition

3.1 Assets

The MUI shares purchased under the Acquisition are reflected in “available-for-sale financial assets” under the heading of Non-current Assets in the balance sheet of the MSRL Group at the cost of the Acquisition.

3.2 Income statement

Any change in the market value of any MUI shares under the Acquisition held in the next accounting reporting date will be stated at its fair market value and the difference will be recognized in equity for the relevant account period. Correspondingly, the gain/losses in respect of any future disposal of the MUI shares under the Acquisition will be recognized as realized gain or loss in the accounts.

3.3 Gearing

As the cash consideration for the Acquisition has been satisfied by internal cash resources of the MSRL Group, there is no material impact on the gearing ratio of the MSRL Group as a result of the Acquisition.

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V. RECOMMENDATION

Having considered the above principal factors and based on the information provided and the representations made to us, we consider the terms of the Acquisition to be on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore we consider the Acquisition to be consistent with the MSRL Group's objective to enhance return on its cash resources and hence is in the interest of the Company and the Shareholders as a whole.

In reaching our conclusion, Independent Shareholders should note that we do not express any view or comment on the future prospects or the price performance of the MUI shares or whether the MSRL Group will realize any gain or loss from the Acquisition.

Yours faithfully,

For and on behalf of

ACCESS CAPITAL LIMITED

Ambrose Lam

Principal Director

Ivan Chan

Senior Vice President

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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, 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 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:

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 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' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or their associates had any director or indirect interest in any assets which have been, since 31 December 2008 (being the date to which the latest published audited financial statements of the MSRL Group were made up), acquired or disposed of or leased to or are proposed to be acquired or disposed of by or leased to any member of the MSRL Group.

As at the Latest Practicable Date, none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the MSRL Group and subsisting at the date of this circular which was significant in relation to the business of the MSRL Group.

5. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, Tan Sri Dr. KHOO Kay Peng is the Chairman and Chief Executive of MUI, which is a publicly listed company in Malaysia. The MUI Group are engaged in various businesses including retailing, hotels, food and confectionery, property, financial services, 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, Mr. KHET 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, 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 PRC whilst The MUI Group's operations are mainly outside Hong Kong and PRC. In essence, the businesses between the MSRL Group and The MUI Group are synergistic to each other.

6. 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).

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 MSRL Group since 31 December 2008, being the date to which the latest published audited financial statements of the MSRL Group were made up.

8. EXPERT AND CONSENT

- (i) The qualification of the Independent Financial Adviser which has given its opinion or advice which is contained in this circular is as follows:

Name	Qualifications
Access Capital Limited	A licensed corporation under the SFO which engages in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

- (ii) The Independent Financial Adviser does not have any shareholding, direct or indirect, in any member of the MSRL Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the MSRL Group.
- (iii) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (iv) The Independent Financial Adviser does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the MSRL Group, or which are proposed to be acquired or disposed of by or leased to any member of the MSRL Group since 31 December 2008, the date to which the latest published audited financial statements of the Company were made up.
- (v) The letter and recommendation given by the Independent Financial Adviser are given as of the date of this circular for incorporation herein.