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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)

**SECOND SUPPLEMENTAL AGREEMENT
IN RELATION TO
A VERY SUBSTANTIAL DISPOSAL**

THE SECOND SUPPLEMENTAL AGREEMENT

The Board announces that on 21 September 2012, the Company and the Purchaser entered into the Second Supplemental Agreement to supplement and amend certain terms and conditions of the Sale and Purchase Agreement.

Reference is made to the announcement of Morning Star Resources Limited (the “**Company**”) dated 24 July 2012 relating to a very substantial disposal of the Company (“**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As stated in the Announcement, the Company and the Purchaser entered into the Sale and Purchase Agreement in relation to the sale and purchase of the Sale Shares, representing 100% of the entire issued share capital of the Target Companies.

The Board announces that upon further negotiations between the parties to the Sale and Purchase Agreement, on 21 September 2012, the Company and the Purchaser entered into the Second Supplemental Agreement to supplement or amend certain terms and conditions of the Sale and Purchase Agreement including, among others, reclassifying the “Loans” under the Announcement as (i) the Sale Loans, which will be transferred to the Purchaser on the Completion Date; and (ii) Other Loans, which will be waived on or before Completion.

Principal terms of the Second Supplemental Agreement are set out as follows.

* *For identification purposes only*

THE SECOND SUPPLEMENTAL AGREEMENT

Date: 21 September 2012 (after trading hours)

Parties: (1) Vendor: Morning Star Resources Limited

(2) Purchaser: Affluent Trade Ltd. (裕業有限公司)

Assets to be disposed of

Pursuant to the Second Supplemental Agreement, the Purchaser has conditionally agreed to, among other things, purchase and the Vendor has conditionally agreed to sell the Sale Loans at a consideration of HK\$10; and Other Loans will be waived on or before Completion.

Taking into account of the Second Supplemental Agreement, the assets to be disposed of by the Group include (i) the Sale Shares, which represents the entire issued share capital of the Target Companies; and (ii) the Sale Loans. In addition, Other Loans will be waived on or before Completion.

Consideration

Pursuant to the Second Supplemental Agreement, the consideration for the sale and purchase of the Sale Loans is HK\$10, which shall be satisfied by the Purchaser in cash on the Completion Date. The amount and manner of payment of the consideration for the Sale Shares remain unchanged.

Save for the amendments under the Second Supplemental Agreement, all other terms and conditions of the Sale and Purchase Agreement remain unchanged.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Second Supplemental Agreement are fair and reasonable and on normal commercial terms and that the entering into the Second Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL TAKEN INTO ACCOUNT OF THE SECOND SUPPLEMENTAL AGREEMENT

As compared to the Sale and Purchase Agreement, the entering into of the Second Supplemental Agreement between the Purchaser and the Company shall have no material change to the cash flow effect of the Disposal.

Taking into account of the revision to the terms and conditions resulting from the entering into of the Second Supplemental Agreement and the financial information of the Group as at 30 June 2012, the revised financial effect of the Disposal are set out below.

With regard to the unaudited combined net asset of the Target Group as at 30 June 2012 and the Consideration from the Disposal, it is expected that the Disposal will yield to the Company an estimated gain of approximately HK\$112.7 million. The estimated gain has been calculated with reference to (a) the Consideration of HK\$138 million (subject to adjustments) and the estimated transaction costs of the Disposal of approximately HK\$2

million; (b) the unaudited combined net liabilities of the Target Group of approximately HK\$4.1 million as at 30 June 2012; (c) the Target Company B's equity interest in Beijing Morning Star of 70% of its unaudited net assets of approximately HK\$1.8 million as at 30 June 2012 and the estimated winding up cost of Beijing Morning Star of approximately HK\$1 million arisen from the Company's undertaking in winding up the same; (d) the estimated gain of approximately HK\$0.3 million resulting from Other Loans Waiver; and (e) the estimated loss of approximately HK\$24.9 million to be incurred by the Remaining Group arisen from the Sale Loans. However, it should be noted that the actual gain to be derived from the Disposal will ultimately depend on, among other things, the net assets of the Target Group and Beijing Morning Star, the actual transaction costs of the Disposal and the actual winding up cost as at the relevant time.

Apart from the estimated gain on the Disposal, the Board expects that there will be an overall enhancement of the Group's financial position should the Disposal proceed to Completion with reference to the unaudited net assets/liabilities value of the Target Group and Beijing Morning Star as at 30 June 2012 and the unaudited gain on Disposal.

Upon Completion, the Target Group and Beijing Morning Star will cease to be subsidiaries of the Company and their results will not be consolidated into the consolidated financial statements of the Group after the Completion.

Further details of the financial effect of the Disposal will be included in the circular in respect of the Disposal.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Other Loans”	any net loans owing by the relevant member(s) of the Remaining Group to Target Company (B) and outstanding as at 30 June 2012
“Other Loans Waiver”	the deed of waiver in respect of Other Loans to be executed by the relevant member(s) of the Remaining Group and Morning Star (HK) on or before Completion, and the term “Other Loans Waiver” shall replace the term “Loan Waiver” in the Announcement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 29 June 2012 entered into between the Purchaser and the Company (as supplemented by the Supplemental Agreement) in relation to the sale and purchase of the Sale Shares
“Sale Loans”	any loans owing by the Target Group Companies to the Company or the Remaining Group as at Completion, excluding the amount which shall be paid by the Purchaser to the Company as Transition Repayment, and the term “Sale Loans” shall replace the term “Loans” in the Announcement

“Second Supplemental Agreement”

the second supplemental agreement dated 21 September 2012 entered into between the Purchaser and the Company to supplement and amend certain terms and conditions of the Sale and Purchase Agreement

By order of the Board
Morning Star Resources Limited
CHI Chi Hung, Kenneth
Executive Director

Hong Kong, 21 September 2012

As at the date of this announcement, the Board comprises Mr. SUNG Wai Man, Peter, Mr. CHI Chi Hung, Kenneth and Mr. YEUNG Kwok Leung being the Executive Directors; Mr. TSO Shiu Kei, Vincent being the Non-Executive Director; and Ms. CHAN Hoi Ling, Ms. SO Wai Lam and Mr. SUNG Yat Chun being the Independent Non-Executive Directors.