

**MORNING STAR HOLDINGS (AUSTRALIA) LIMITED**  
**ABN 98 008 124 025**

**THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY**

15 January 2007

**Highlights:**

- **Offer to existing MSH shareholders to participate in a Share Purchase Plan (Plan)**
- **The Plan will raise a maximum of \$500,000**
- **Shareholders can, at their election, take up**
  - **\$2,000; or**
  - **\$5,000****of new shares under the Plan, at 6.0 cents per share**
- **The Plan is not underwritten**

Dear Shareholder

On behalf of the Board of Directors of Morning Star Holdings (Australia) Limited (**MSH**), I would like to invite you to participate in MSH's Share Purchase Plan (**Plan**).

**Summary of the Plan**

The Plan provides shareholders on the Company's register at the record date with an opportunity to subscribe for either \$2,000 or \$5,000 in new shares at 6.0 cents per share in MSH at an attractive discount to the market price in the period prior to the date of this Plan. The Board has structured the Plan to encourage our loyal, smaller shareholders to apply and increase their participation in MSH.

It is only shareholders of MSH registered as at 7pm on 12 January 2007 who are afforded the opportunity to participate in the Plan. Shareholders not registered as at this date will not receive an offer under the Plan. The rights of shareholders eligible to participate under this plan are not transferable.

The Company proposes a maximum raising of \$500,000 under the Plan, comprising the issue of some 8,333,333 new shares. The Plan is not underwritten.

If the maximum amount under the Plan is raised (\$500,000), the proposed use of the funds will be to contribute to the Company's working capital and meeting the costs of the plan. The Company intends to utilise some or all of these funds (together with the funds to be raised pursuant to the Prospectus to be issued by the Company and described in the Company's Notice of Meeting dated 18 December 2006) in connection with the Company's ongoing investigations into a business or businesses to acquire and, once appropriate terms are agreed, may form part of the purchase price of such business or assets.

No decision in relation to a proposed acquisition has been made as at the date of this Offer. An investment in shares in MSH is subject to certain risks which will be described in greater detail in MSH's prospectus once lodged (and which will be available from [www.asx.com.au](http://www.asx.com.au)).

## Terms of the Plan

The terms and conditions of the Plan are outlined in the enclosed document. By making an application to purchase shares under the Plan, you will have agreed to be bound by those terms and conditions.

The right to participate in this offer under the Plan is available exclusively to persons who are registered as holders of fully paid ordinary shares in MSH at 7pm (Sydney time) on the record date of 12 January 2007 and whose registered address was in Australia or in any other jurisdiction in which it is lawful for MSH to offer shares under the Plan.

Eligible shareholders are entitled to apply for a **maximum** of \$5,000 of new shares, at 6.0 cents per new share, under the Plan.

You may apply only for shares in one of the following amounts:

- \$2,000; or
- \$5,000.

The Subscription Price will be \$0.06 (six cents) per share which represents a discount to the average closing price over the five days of trading of MSH's shares on the ASX prior to the announcement of the Plan.

Despite the above, the maximum raising under the SPP is \$500,000. In the unlikely event that all shareholders apply for their maximum \$5,000 entitlement, this would have the effect that more than \$500,000 of applications would be received under the Plan. In this event, the Company reserves the right to reject applications in whole or in part, and/or accept any applications received in full or for a lesser number of shares determined by the directors' in their absolute discretion, so that not more than \$500,000 is raised.

Participation in the Plan is entirely at your discretion but the Plan is non-renounceable which means you cannot transfer your right to purchase shares under the Plan to anyone else.

On the basis of the issue price of shares under the Plan, the Directors highly recommend the Plan to shareholders.

The application period will close at 5.00pm (WDST) on 31 January 2007. Therefore, if you wish to apply for any shares under the Plan, you should follow the instructions outlined in the Application Form (which has been separately dispatched to you) so payment is received at our Share Registry by that date.

It is proposed that the following timetable apply in respect of the Plan:

Record Date of the Plan	12 January 2007
Opening Date of the Plan	17 January 2007
Closing Date of the Plan	31 January 2007
General Meeting of Shareholders to approve the Plan	23 January 2007
Issue and Allotment of new shares under the Plan	7 February 2007

The above timetable is indicative only. MSH reserves the right to vary any of the key dates above, including the closing date of the Plan and the Issue Date, without further notice.

The Company reserved the right to place any shortfall under the Plan, subject to the Corporation Act 2001 (Cwlth) and the Listing Rules. The Company reserves the right to pay a fee of up to 5% of the amount placed, which fee may be paid (at the election of the placees) in cash or by the issue of new shares at an issue price of 6.0 cents each.

### **Shareholder Approval**

The issue of shares under the Plan is subject to and conditional upon the receipt by MSH of shareholder approval in accordance with the provision of Chapter 7 of the Listing Rules. MSH has convened a shareholder meeting for this purpose on 23 January 2007. In the event that shareholder approval is not obtained by no later than 31 January 2007, then no shares will be issued under the Plan, and MSH will refund all application monies received without interest.

I look forward to you participating in MSH's Share Purchase Plan. If you have any queries please do not hesitate to contact me on 02 9233 2520.

Yours sincerely

**Dean Gallegos**  
**Chairman**

**MORNING STAR HOLDINGS (AUSTRALIA) LIMITED ABN 98 008 124 025 (MSH)**

**TERMS & CONDITIONS OF SHARE PURCHASE PLAN**

**1. DEFINITIONS**

1.1 In this Plan, unless the context otherwise indicates:

**"Application Form"** means the application form separately distributed in relation to these Terms and Conditions;

**"Application Amount"** means the total amount payable by an Eligible Shareholder who applies for Shares under the Plan based on the Subscription Price for the total number of Shares applied for by that Eligible Shareholder;

**"ASX"** means the Australian Stock Exchange Limited;

**"Board"** means the board of directors of MSH;

**"Eligible Shareholders"** means those Shareholders who satisfy the conditions set out in clause 3.1;

**"MSH"** means Morning Star Holdings (Australia) Limited ACN 052 354 837;

**"Listing Rules"** means the official listing rules of the ASX (as amended from time to time);

**"Market Price"** has the same meaning as defined in the Listing Rules;

**"Maximum Subscription Level"** means the maximum number of Shares that may be issued under this Plan, being 8,333,333 fully paid ordinary shares for a total subscription price of \$500,000;

**"MSH"** means Morning Star Holdings (Australia) Limited ABN 98 008 124 025;

**"Offer"** means a non-renounceable offer of \$2000 or \$5,000 of ordinary fully paid shares in MSH (at the Subscription Price) to Eligible Shareholders under the Plan to a maximum of the Maximum Subscription Level;

**"Plan"** means the Morning Star Holdings (Australia) Limited Share Purchase Plan approved by the Board;

**"Record Date"** means 7pm (Sydney time) on 12 January 2007;

**"Shareholders"** means those persons or entities that hold ordinary shares in the issued capital of MSH;

**"Shares"** means up to a maximum of 8,333,333 new ordinary shares in MSH to be issued pursuant to the Plan;

**"Shortfall"** means any Shares not taken up by Eligible Shareholders under the Plan;

**"Subscription Price"** means the subscription price of the Shares being \$0.06 (six cents) per Share; and

**"Terms and Conditions"** means the terms and conditions set out herein.

**2. CONDITIONAL OFFER**

2.1 The offer of Shares pursuant to the Plan is subject to and conditional upon MSH shareholders approving the issue of Shares pursuant to Chapter 7 of the Listing Rules (**Approval**).

2.2 In the event that the Approval is not obtained by no later than 31 January 2007, then the Plan will not proceed and any Application Amount for Shares received will be refunded by MSH without interest.

### **3. ELIGIBILITY TO PARTICIPATE**

- 3.1 Those shareholders of MSH that will be eligible to apply for Shares under the Plan must:
- (a) be recorded in MSH's register of shareholders at 7.00pm (Sydney time) on the Record Date; and
  - (b) have an address in a jurisdiction in which it is lawful and practical for MSH to issue the Shares (in the reasonable opinion of the Board).
- 3.2 The Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer.

### **4. TERMS OF THE OFFER**

- 4.1 The Offer will be open on and from 9.00am (Sydney time) on 17 January 2007 ("Opening Date") until, subject to the discretion of the Board, 5.00pm (WDSTTime) on 31 January 2007 ("Closing Date").
- 4.2 The Board reserves the right to close the Offer at any time prior to the Closing Date and/or extend the Closing Date without further notification.
- 4.3 In response to the Offer, Eligible Shareholders wishing to apply for Shares under the Plan, may either:
- (a) apply for 33,333 Shares for \$2,000; OR
  - (b) apply for 83,333 Shares for \$5,000, subject to clause 6.4.
- 4.4 All Offers for Shares under the Plan are non-renounceable.
- 4.5 Participation in the Plan by Eligible Shareholders is entirely optional and subject to these Terms and Conditions.
- 4.6 Despite anything else in these Terms and Conditions, the maximum number of Shares that may be issued under the Plan is the Maximum Subscription Level.

### **5. APPLICATIONS FOR SHARES**

- 5.1 Eligible Shareholders wishing to apply for Shares under the Plan must:
- (a) complete the Application Form;
  - (b) pay for the Shares in the manner specified on the Application Form; and
  - (c) forward the completed Application Form and payment for the Application Amount to MSH's Share Registrar at the addresses specified on the Application Form, to reach such addresses by no later than 5.00pm (WDSTtime) on the Closing Date.
- 5.2 All application monies will be deposited into an account and any application monies received in respect any applications rejected by the Board under clause 5.3 shall be refunded by MSH without interest.
- 5.3 The Board reserves the right to reject any application for Shares (in whole or in part) including (without limitation) if:
- (a) an Application Form is not correctly completed; or
  - (b) the applicant is not an Eligible Shareholder; or
  - (c) the issue of those Shares would contravene any law or the Listing Rules; or

- (d) the exact payment for the Shares applied for is not received; or
  - (e) to accept the application in full would have the effect of exceeding the maximum offer of Shares under the Plan, being the Maximum Subscription Level; or
  - (f) it believes the issue of those shares may result in a person receiving shares with an application price totalling more than \$5,000 in any consecutive 12 month period under the Plan (or any arrangement similar to the Plan); or
  - (g) if the applicant has not otherwise complied with the terms of the Plan.
- 5.4 The Board reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the Plan, including without limitation in the event that the Plan is oversubscribed.
- 5.5 If there is a consolidation or re-organisation of the issued share capital of MSH prior to the Closing Date, the maximum number of Shares to be issued pursuant to and in accordance with the Plan shall be consolidated in the same ratio as the issued capital of MSH.
- 6. ISSUE OF SHARES**
- 6.1 MSH intends to issue the Shares under the Plan on or about 7 February 2007 ("Issue Date"). MSH reserves the right to vary the Issue Date without further notice in the event that the Closing Date is varied pursuant to clause 4.2.
- 6.2 In respect of application monies received from an Eligible Shareholder, MSH will, prior to the Issue Date, determine the maximum number of Shares rounded up to the nearest whole number which may be acquired by any Eligible Shareholder.
- 6.3 The allocation of Shares will be determined by the Board at its sole discretion.
- 6.4 In the event that the Offer under the Plan is not fully subscribed, the Board of MSH reserves its right to issue Shares in excess of the maximum \$5,000 worth of Shares specified in clause 4.3(b) ("Additional Issue"), to any person (whether or not such person is an Eligible Shareholder) so long as:
- (a) the Additional Issue satisfies section 708 of the *Corporations Act 2001 (Cth)*; and
  - (b) any approval of Shareholders to the Additional Issue which is required under the Listing Rules or the *Corporations Act* is obtained.
- 6.5 MSH will apply to ASX for quotation of the Shares issued under the Plan and the Additional Issue (if any) within the period prescribed the Listing Rules.
- 7. SUBSCRIPTION PRICE**
- 7.1 The Subscription Price of the Shares will be \$0.06 per share.
- 7.2 The Shares are a speculative investment and the Market Price of the Shares may change between the Opening Date and the Issue Date. This means that the Subscription Price you pay for the Shares may exceed the Market Price of the Shares at the Issue Date. The Company does not make any assurance as to the Market Price of Shares and there can be no certainty that Shares in the Company will trade at or above the Subscription Price following the Issue Date. Shareholders should seek their own financial advice in relation to this Offer and participation in the Plan.
- 7.3 No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Shareholders in respect of an application for, and an issue of, Shares under the Plan.
- 7.4 The Company may pay brokerage and other commissions in respect of any subscriptions procured in respect of the Shortfall, as determined by the Board in its discretion.

**8. NON-RESIDENTS**

- 8.1 Eligible Shareholders who are not residents of Australia should consult their professional advisers as to whether any formalities need to be observed (either by them or the Company) to enable them to apply for Shares. It is the responsibility of such Eligible Shareholders to obtain all necessary approvals so they may legally apply for Shares. The return of a completed application form from a non-resident Eligible Shareholder will be taken by the Company to constitute a representation and warranty by that Eligible Shareholder that all relevant approvals have been obtained and that the Company may legally offer the Shares to that Eligible Shareholder.

**9. GENERAL**

- 9.1 The Board may change or terminate the Plan at any time prior to the Issue Date. In the event that the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the Plan, or the non-receipt of any such notice, will not invalidate the change or termination.
- 9.2 If the Plan is withdrawn, all application money will be refunded. No interest will be paid on any refunded application money.
- 9.3 In addition to any rights of the Board to reject applications as set out in these Terms and Conditions, the Board also reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the Plan if the Board believes that the allotment of those Shares would contravene any of the Listing Rules. In any such case, excess application monies will be returned to the relevant applicant(s). No interest will be paid on application monies so returned.
- 9.4 MSH may settle in any manner it deems appropriate, any disputes or anomalies which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any applicant or application of shares. The decision of MSH will be conclusive and binding on all persons to whom the determination relates.
- 9.5 MSH reserves the right to waive compliance with any provision of the Plan terms and conditions.

# Morning Star Holdings (Australia) Limited

ABN 98 008 124 025

**Computershare**

Please return completed form to:  
Computershare Investor Services Pty Limited  
GPO Box D182 Perth  
Western Australia 6840 Australia  
Enquiries (within Australia) 1300 557 010  
(outside Australia) 61 3 9415 4000  
Facsimile 61 8 9323 2033  
web.queries@computershare.com.au  
www.computershare.com

Securityholder Reference Number (SRN)

000001

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SAM

MR JOHN SAMPLE

FLAT 123

SAMPLE STREET

SAMPLE STREET

SAMPLE STREET

SAMPLETOWN VIC 3030



I 1234567890

I N D

Entitlement Number:

Record Date: 12 January 2007

Offer Closes: 5.00pm WDST on 31 January 2007

Price per Share: A\$0.06

## SHARE PURCHASE PLAN APPLICATION FORM

### IMPORTANT:

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser.

Pursuant to the terms and conditions of the Morning Star Holdings (Australia) Limited Share Purchase Plan ("SPP") contained in the Notice of Meeting to Morning Star Holdings (Australia) Limited shareholders dated 21 December 2006, Morning Star Holdings (Australia) Limited is offering eligible shareholders the opportunity to purchase Shares up to a maximum value of A\$5,000 per eligible shareholder, subject to a minimum application of A\$2,000. **If you do not wish to purchase additional shares under this offer there is no need to take action.**

By making your payment, you agree to be bound by the Constitution of Morning Star Holdings (Australia) Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Morning Star Holdings (Australia) Limited to subscribe for Morning Star Holdings (Australia) Limited Shares on the terms of the SPP. In addition, by submitting this Application Slip you certify that the aggregate of the application price paid by you for:

- the Shares the subject of this Application Slip; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of this Application Slip, does not exceed \$5,000.00.

### METHOD OF ACCEPTANCE

Your cheque, Bank Draft or Money Order should be in Australian dollars and drawn on an Australian bank made payable to 'Morning Star Holdings (Australia) Limited' for the relevant amount and crossed 'Not Negotiable'. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected.

Your application slip and cheque, Bank Draft or money order must be received by the share registry before the close of the offer 5.00pm (WDST) on 31 January 2007. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. New Zealand holders will need to affix the appropriate postage. Your Application Slip should be returned in the envelope provided or delivered to Computershare Investor Services Pty Limited ("CIS") at the address shown on the reverse of this form. Refer overleaf for instructions.

Morning Star Holdings (Australia) Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Morning Star Holdings (Australia) Limited will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates. Morning Star Holdings (Australia) Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where Morning Star Holdings (Australia) Limited does not notify you of that event.

**This offer is non-renounceable - No Signature is required**  
**Return Application Slip and Cheque, Bank Draft or Money Order in the envelope provided**  
**Applications can only be accepted in the name printed on this form**

M S H

S P R M

21/09/06



**Morning Star Holdings (Australia) Limited**  
ABN 98 008 124 025

Please see overleaf for Payment Options



Entitlement Number: <xxxxxxxxxx>

### I/We wish to purchase shares:

☐ 33,333 shares or A\$2,000.00 **or** ☐ 83,333 shares or A\$5,000.00

\* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

### Payment Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**Make your cheque or bank draft payable to Morning Star Holdings (Australia) Limited**

### Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours

1234567890123456+1234567890-1234+12



# Instructions

## Payment Details

Make your cheque, bank draft or money order payable to Morning Star Holdings (Australia) Limited in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected.

Complete cheque details in the boxes provided.

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Share Purchase Plan Application Slip where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.**

## Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

## Lodgement of Application

Application Slips must be received at the Perth office of CIS by no later than 5.00pm (WDST) on 31 January 2007. You should allow sufficient time for this to occur. The postal acceptance rule does not apply to the Share Purchase Plan. A reply paid envelope is enclosed for shareholders in Australia. New Zealand holders will need to affix the appropriate postage.

Return the Application Slip with cheque(s) attached:



### By Mail

**Morning Star Holdings (Australia) Limited  
Computershare Investor Services Pty Limited  
GPO BOX D182  
Perth, Western Australia 6840  
AUSTRALIA**



### In Person

**Computershare Investor Services Pty Limited  
Level 2  
45 St Georges Terrace  
Perth, Western Australia 6000**

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 557 010.**

This form may not be used to notify your change of address. For information, please contact CIS on 1300 557 010 or visit [www.computershare.com](http://www.computershare.com) (certificated/issuer sponsored holders only).

**CHESS holders must contact their Controlling Participant to notify a change of address.**