



ASF GROUP LIMITED

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The Manager  
Company Announcements  
Australian Stock Exchange Ltd  
20 Bridge Street  
Sydney 2000

**Via: WWW.ASX.ONLINE.COM**

Dear Madam/Sir

### **Memorandum of Co-operation with China Huaneng Group Hong Kong Ltd**

ASF Group Limited is pleased to announce that it has entered into a Memorandum of Co-operation with China Huaneng Group Hong Kong Ltd ("**Huaneng HK**") a Hong Kong company which has as its ultimate parent China Huaneng Group Ltd, Beijing, China.

China Huaneng Group is one of China's largest electricity generating companies and a Fortune 500 company. It has total assets exceeding RMB 500 billion and by the end of June 2009, China Huaneng Group had 130 wholly-owned and majority-owned power plants distributed over 26 Chinese provinces, municipalities and autonomous regions and also overseas, with total installed capacity of 88.96GW.

In 2003 China Huaneng Group purchased for US\$227m a substantial interest in two Queensland power generating plants. It has followed up with other offshore acquisitions and is seeking stakes in Australian thermal coal projects.

China Huaneng Group plans to expand its Australian business activities and in this regard intends to work in conjunction with ASF Group in the energy and resources industry in Australia.

The Memorandum with Huaneng HK states that:

1. The parties will develop a long term co-operative relationship in Australia.
2. The companies will form a team to jointly investigate the coal tenements held by ASF Group in Western Australia and study the feasibility of joint development.
3. ASF Group will seek to provide other coal resources in Australia to assess in co-operation with Huaneng HK.

Chairman of ASF Group, Ms Min Yang, said "*the Company is very excited to be taking this important step with China Huaneng Group and looks forward to developing a rewarding relationship with them over time, to the mutual benefit of both Groups and Australia.*"

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