

Changfeng Reports Second Quarter Financial Results and Announces the Acquisition of a 60% Equity Interest in Jiangxi Gaoan Huaneng Pipeline Gas Co. Ltd.

August 30, 2010. Changfeng Energy Inc. ("Changfeng" TSXV: CFY), a China based natural gas operator, today reported revenue of \$4,495,484 for the quarter ended June 30, 2010 compared to \$3,742,368 for the same period in 2009, representing a 20.1% increase. This increase was net of a negative foreign exchange impact of 14% due to the strengthening of the Canadian dollar. The revenue for the second quarter in Chinese renminbi ("RMB") increased by 36% to 29,850,000 RMB for the quarter ended June 30, 2010 from 21,965,000 RMB for the same period in 2009.

Net loss for the second quarter of 2010 was \$330,727 or \$0.005 per share compared to a net income of \$128,304 or \$0.002 per share for the same period in 2009. This decrease was due to a decrease in gross margin and an increase in business development expenses associated with business expansion in mainland China, as well as an increase in stock based compensation expenses. Gross margin for the second quarter of 2010 was 47% vs. 62% for the same period in 2009. The decrease in gross margin percentage for the quarter is mainly due to relatively higher procurement price for purchases of the additional volume of natural gas in Sanya City to fill in the gap of shortage from the annual gas quota of 24 million cubic meters, and lower margins on new sales from CNG refueling retail station.

EBITDA for second quarter of 2010, decreased by 68% to \$240,000 compared to \$780,000 in the same period in 2009 as a result of the decrease in gross margin and the increase in business development expenses.

The Company's cash and cash equivalents as at June 30, 2010 increased to \$4,048,569 from \$3,782,250 as at December 31, 2009, being an increase of \$266,319.

During this quarter, the Company's first CNG refueling retail station in Changsha City formally commenced supply of gas after a six-month trial operation starting early 2010, with an average daily volume of around 7,000-8,000 m³. Revenue generated from this station for this quarter was \$194,858, representing 4% of consolidated revenue.

During the second quarter of 2010, Changfeng connected 2,982 new residential customers compared to 2,550 in the same quarter in 2009. Total residential customers at the end of June 30, 2010 were 60,483 compared to 42,531 at June 30, 2009, a 42.2% increase. The Company connected 16 new commercial customers for this quarter vs. 18 in the comparative period in 2009. Total commercial customers at June 30, 2010 increased to 483 from 408 at June 30, 2009, an 18.4% increase.

It is expected that in the fourth quarter, Changfeng will be opening its new CNG/LNG gasification processing station in Haitang Bay, Sanya. This will permit the highly efficient processing of LNG and CNG that will result in a cost saving per cubic meter of gas processed.

As a response to gas wholesale price increases in June, 2010 by National Development and Reform Commission (NDRC), China's top economic policy planning agency, effective July 1st, 2010, retail gas prices increased to 2.60 RMB per cubic meter to residential customers and 3.80 RMB per cubic meter to commercial customers in Sanya City, Hainan Province, and to 3.75 RMB per cubic meter at for CNG refueling station, at Changsha City, Hunan province, representing an increase of 8%, 22% and 14%, respectively. The financial impact of price increases will be recognized in the third quarter of 2010.

Acquisition of a 60% equity interest in Jiangxi Gaoan Huaneng Pipeline Gas Co. Ltd.

Changfeng is pleased to announce that the Company acquired a 60% equity interest in Jiangxi Gaoan Huaneng Pipeline Gas Co. Ltd. ("Gaoan Huaneng") for a purchase price of RMB 9 million (approximately \$1.35 million) in cash.

Pursuant to the agreement, Gaoan Huaneng will set up a joint venture company with a subsidiary of PetroChina to collectively develop gas distribution business in Bajing Town of Gaoan City, in order to secure gas supply from the branch of the second West to East Pipeline, which is scheduled to supply natural gas in late 2011. The purchase price will be paid in installments with the progressing of the project not later than when the JV company commences supply of natural gas.

Gaoan Huaneng, established in 2008, is a natural gas distribution company. It owns a 30-year concession right from 2009 to 2039 to operate natural gas pipeline construction and gas distribution in the specified administrative region at Bajing Town of Gao'an City, Jiangxi province. Gaoan city is a county level city located about 32 miles southwest of Nanchang, the capital city of Jiangxi province. This city is famous for its architectural ceramic production in China.

Business Development – Pingxiang City

In addition, Pingxiang Changfeng Natural Gas Co. Ltd. (" Pingxiang CF") , an 80%-owned subsidiary of the Company, entered into an agreement with Pingxiang Ceramic Industry Park Management Committee to purchase a 20 mu (approximately 1.33 hectare) of land use rights. This land will be used for construction of one gas gate station to link Xiangdong District with a branch of the second West to East Pipeline through a 14.5 km-long high pressure pipeline that is expected to be constructed by Pingxiang CF in 2011.

Pursuant to the agreement, the total purchase price is RMB 1.92 million (approximately \$0.29 million) in cash, of which RMB1.32 million (approximately \$0.2 million) will be refunded by the local government when the construction of the gate station is completed. The RMB 200,000 (approximately \$0.03 million) will be paid as a deposit upon signing the agreement, with the remaining balance to be paid when the ownership of land use right is transferred to Pingxiang CF.

Xiangdong District, one of the three administrative districts in Pingxiang City, has consented to grant Changfeng a 50-year exclusive concession right to operate natural gas pipeline construction and gas distribution business (including liquefied natural gas (LNG), liquefied petroleum gas (LPG), natural gas pipeline, and CNG refueling stations) in its urban district and its Xiangdong Industrial Ceramic Park.

Pingxiang CF is expected to build a 14.5km high pressure pipeline to link city gate station in Xiangdong District with the gas transmission substation of the branch of the second West-East Gas Pipeline, a gate station, pressure regulators and a 40.4km medium pressure pipeline network in this area.

“We are very pleased with our financial results in the second quarter of 2010,” said Mr. Huajun Lin, Chairman and CEO of Changfeng. “The quarterly results demonstrate a high degree of strict corporate financial self discipline, given high gas purchase prices because of gas shortage in Sanya region and our growth commitments remain on track. We believe that, the addition of Haitang Bay operations in late 2010 and our gas retail sales price increases that went into effect on July 1, 2010, as well as the continued successful operation of our first CNG refueling retail station in Changsha will translate into a successful 2010 year for Changfeng. In addition, with the resultant relationships and initiatives in Jianxi and Hunan provinces, we expect significant new projects to be finalized in late 2010.”

About Changfeng Energy Inc.

Changfeng is engaged in the design and construction of natural gas distribution networks and distribution of natural gas to commercial and residential customers in the greater Sanya City region of Hainan Province, China. During the second quarter, the Company has commenced operations of its first CNG refueling retail station in Changsha, Hunan Province. The Company is headquartered in Toronto, Ontario and its shares trade on the TSX Venture Exchange.

This press release contains forward looking statements based on current expectations. These forward looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward looking statements. Risks and uncertainties about Changfeng’s business are more fully discussed in the Company’s disclosure materials, including its information circular and MD&A, filed with the securities

regulatory authorities in Canada. All amounts are stated in Canadian dollars except for noted otherwise.

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