

## **Changfeng Announces New Gas Pipeline Project in Development on Mainland China along Second West-East Pipeline**

August 18, 2011. Changfeng Energy Inc. ("Changfeng" or the "Company") (TSX-V: CFY), a natural gas distribution utility operating in China, today announced that it is developing a new project on Mainland China along the Second West-East Pipeline in Xiangtan City, Hunan Province (the "Xiangtan Project").

Xiangtan City has a population of approximately 2.7 million and is the hometown of Chairman Mao, the founder, architect, and ruler of the People's Republic of China (PRC). It is about 120 kilometers from Changsha City, the capital of Hunan province.

The Company set up a joint venture company, Xiangtan Changfeng Natural Gas Co., Ltd. ("Xiangtan Changfeng" or the "Joint Venture"), which is 51% owned by Changfeng, together with a company owned by the local municipality, Xiangtan Economic Construction and Development Investment Co. LTD. and a local investment company.

The Joint Venture is working with the municipal government to secure exclusive concession rights in designated regions of Xiangtan City. The scope of the business of the Joint Venture is to (i) develop a natural gas pipeline network to serve industrial, commercial and residential customers; and (ii) develop CNG (Compressed Natural Gas) and LNG (Liquefied Natural Gas) refueling stations.

The Joint Venture is also working to secure a natural gas supply agreement from Petro China's Hunan subsidiary. Petro China is the owner and operator of the Second West-East pipeline.

"Mr. Huajun Lin, Chairman and CEO of Changfeng stated that, " This project, together with our Xiangdong Project, announced on May 26, 2010, are two major pipeline projects now in development in Mainland China along the Second West-East Pipeline. With these projects, we are executing our growth strategy which is to focus on small and medium sized cities on mainland China with a large addressable market for gas sales driven primarily by industrial customers. In Xiangdong, we are scheduled to begin construction of the pipeline facilities in late 2011. Pre-construction in Xiangdong is currently under way. "

### **About Changfeng Energy Inc.**

The Company is a natural gas distribution utility in the People's Republic of China ("China"). The Company is engaged in the design, construction, ownership and operation of natural gas pipelines and related gas distribution activities including a CNG refueling station. The Company markets and

distributes natural gas to commercial, industrial and residential customers as well as vehicle users.

The Company is headquartered in Toronto, Ontario and its shares trade on the TSX Venture Exchange under the symbol "CFY".

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 management discussion and analysis, filed with the securities regulatory authorities in Canada. All amounts are stated in Canadian dollars except for noted otherwise.

**For more information please contact:**

**Changfeng Energy Inc:**

**Larry Jeremias**  
**EVP, Corporate Development**  
[larry@changfengenergy.com](mailto:larry@changfengenergy.com)

25 Adelaide Street East, Suite 1612,  
Toronto, Ontario,  
M5C 3A1  
(T) 416-362-5032  
(F) 416-362-2393  
[www.changfengenergy.com](http://www.changfengenergy.com)

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