

Changfeng's Xiangdong Piped Gas Distribution Project Starts Selling Gas to Residential Customers

August 7, 2013

Toronto, Ontario, August 7, 2013 – Changfeng Energy Inc. ("Changfeng" or the "Company") (TSX-V: CFY), a natural gas utility in China, announced today that, further to its press release dated November 22, 2012, the Company has completed the installation of the main and service pipeline connecting to a gated community and started to sell natural gas to residential customers in the gated community in the downtown area of the Xiangdong district, Pingxiang city, Jiangxi Province, China.

The Company is expecting to eventually connect 2,000 new residential customers and to serve another 8,000 residential customers by upgrading their coke gas fueled facilities to natural gas fueled facilities in the downtown of Xiangdong district.

Payment for the purchase of natural gas by residential customer will be made in advance through the IC card system. A one-time connection fee also will be paid by residential customers before the connection.

Figure 1: Changfeng's technician conducts onsite testing for a residential customer.



Figure 2: Construction site of the Company's Citygate in the Park



About Xiangdong Piped Gas Distribution Project (the “Xiangdong Project”)

The Xiangdong Project, the Company's first piped gas distribution project in Mainland China, was launched in early 2010 and the first phase of construction of the Xiangdong Project inside Pingxiang Industrial Ceramic Park (the “Park”) commenced in November 2011. To date, approximately 13.5 kilometers (8.4 miles) of pipeline has been buried underground, and a set of CNG (compressed natural gas) pressure regulators, gas processing facilities and a citygate were installed.

The Xiangdong Project is located in Xiangdong district, Pingxiang City, Jiangxi Province, which is approximately 25 kilometers (15.5 miles) away from the PetroChina's citygate in Pingxiang City which receives the gas from a branch of PetroChina's WEP II. The section of intra-provincial pipeline between PetroChina's citygate and the Xiangdong Project location is regulated by the Jiangxi provincial government's energy planning authority and is scheduled to be built in the second half of 2013. Prior to completion of the installation of this section of pipeline, no gas from PetroChina's WEP II can be accessed by the Xiangdong district. As a result, the Company decided to purchase CNG and supply gas to its customers through its pipeline and associated facilities.

The Company has a 50 year (2010-2060) exclusive right to operate the piped gas distribution business in the Xiangdong district, within which the Park is located. The population in the Xiangdong district is approximately 500,000 people.



About Changfeng Energy Inc.

Changfeng Energy Inc., is a local natural gas distribution company ("LDC" or natural gas utility) with operations located throughout the southern part of People's Republic of China. The Company serves industrial, commercial and residential customers, providing them with natural gas for heating purposes and fuel for transportation. The Company has developed a significant natural gas pipeline network as well as urban gas delivery networks, stations, substations and gas pressure regulating stations in Sanya City, Haitang Bay and other areas in southern part of China. Through its network of pipelines, the Company provides safe and reliable delivery of natural gas to both homes and businesses. The Company is headquartered in Toronto, Ontario and its shares trade on the Toronto Venture Exchange under the trading symbol "CFY". For more information, please visit the Company website at www.changfengenergy.com

For further information please contact:

Mr. Yan Zhao CA

Chief Financial Officer

416.362.5032 / 647.528.0115

yan.zhao@changfengenergy.com

Ms Ann S.Y. Lin

VP, Corporate Development,
Corporate Secretary

416.362.5032

ann@changfengenergy.com

Forward-Looking Statements

Information set forth in this news release may involve forward-looking statements under applicable securities laws. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although Management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein and accordingly undue reliance should not be put on such.

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