

## **Changfeng Reports Strong Revenue, EBITDA and Earnings Growth in Third Quarter of 2010**

November 29, 2010. Changfeng Energy Inc. ("Changfeng" TSXV: CFY), a natural gas utility operating in China, today reported unaudited financial statements for the third quarter ended September 30, 2010.

Revenue for the quarter ended September 30, 2010 was \$5.4 million versus \$4.1 million for the same period in 2009, representing a 32% increase. This increase was net of a negative foreign exchange impact of 6% due to the strengthening of the Canadian dollar. Revenue for the third quarter in Chinese renminbi ("RMB") increased by 38% to RMB 35.1 million from RMB 25.5 million for the same period in 2009.

Revenue for the third quarter grew 20% sequentially compared to the second quarter of 2010. Further, revenue year to date grew 23% compared to the same period in 2009.

Gross profits for the third quarter increased by 9% compared to the same period in 2009. Gross profits as a percentage of sales for the third quarter of 2010 were 49% vs. 59% for the same period in 2009. The decrease in gross margin percentage is mainly due to the relatively higher procurement price for purchases of additional volumes of natural gas in Sanya City to satisfy growing demand beyond our annual gas quota of 24 million cubic meters. It is also due to lower margins on new gas sales from our CNG refueling retail station.

EBITDA for third quarter of 2010, increased by 59% to \$1.0 million compared to \$0.6 million in the same period in 2009 primarily as a result of gas volume and price increases, the increase in gross profits, and the decrease in travel and business development expenses.

Operating income for the third quarter of 2010 was \$0.52 million compared to \$0.16 million for the third quarter of 2009. Net income for the third quarter was \$0.3 million or \$0.005 per share compared to a net income of \$0.09 million or \$0.001 per share for the same period in 2009. The improvements in operating and net income were due to the increase in sales driven by increased volumes and price increases and a decrease in travel and business development expenses.

The Company's cash and cash equivalents as at September 30, 2010 decreased to \$2.4 million from \$3.8 million as at December 31, 2009, being a decrease of \$1.3 million. This decrease was attributable to capital expenditures for construction of our pipeline network to Haitang Bay and investments in mainland China.

During the third quarter, the Company connected 21 commercial customers representing 110% growth over the same period in 2009. Year to date, the Company connected 64 commercial customers representing 49% growth over the same period in 2009 leaving the Company with 504 commercial customers connected at the end of the third quarter.

During the third quarter, the Company connected 2,676 residential customers to its pipeline network in Sanya City representing 13% growth over the same period in 2009. Year to date, the Company has added 12,704 residential customers representing 79% growth over the same period in 2009 leaving the Company with 63,159 customers connected at the end of the third quarter.

During the quarter, the Company sold 6.3 million m<sup>3</sup> of gas representing 9% growth over the same period in 2009. Year to date, the Company sold 21.0 million m<sup>3</sup> representing 18% growth over the same period in 2009.

“The quarterly results demonstrate the continuing growth and strength of our base business in the Sanya region”, said Mr. Huajun Lin, Chairman and CEO of Changfeng. He added that “to handle the growing demand, during the quarter the company sourced an additional 3 million m<sup>3</sup> of gas at a more favorable prices with the assistance of the local government. The Company continues to try to source additional gas volume at more favorable prices as demand in the Sanya region continues to grow. Further, the Company continues to make progress on business development initiatives to exploit the large, rapidly emerging markets in Jiangxi and Hunan provinces in mainland China due to the construction of the second West-East Gas Pipeline which will bring significant volumes of natural gas to new markets”.

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

The Company is a natural gas utility in the People's Republic of China (“China”). It is engaged in the design, construction, ownership and operation of natural gas pipelines and related gas distribution activities such as CNG (compressed natural gas) refueling stations. The Company markets and distributes natural gas to residential, commercial and industrial users as well as vehicle users.

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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