



## **Changfeng Announces Regulatory Approval of Natural Gas Utilization Project in Xiangtan City, Hunan Province, China**

**January 4, 2012**

Toronto, Ontario, January 4, 2012, – Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”), is pleased to announce today that, further to its announcement on November 23, 2011 the Company has received official approval from the Xiangtan Municipal Development and Reform Commission of the People’s Republic of China for the proposed gas utilization project (“the Project”) in Xiangtan city, Hunan province, China.

The regulatory approval signals the operational launch of the Project. Pursuant to the approval, a 79.85-mu (approximately 5.3 hectares) piece of land will be assigned for the Company to build a natural gas processing plant (“the Plant”). The Plant will have an industrial metal cutting gas production line with designed daily processing capacity of 300,000 cubic meters of natural gas, and associated Liquefied Natural Gas (“LNG”) storage facilities, as well as sales and a distribution center to end users. The produced gas will be in liquid form for ease of transportation and storage. The total investment of the Plant is estimated to be RMB 200 million (\$32 million) which includes the proposed acquisition fee for the assigned land. The approval is valid for two years from the approval date, during which time the construction work must be commenced, otherwise, further extension application is required if the commencement of construction does not occur on or before December 23, 2013.

The Company is working on other regulatory requirements such as the project design, project safety assessment and environmental impact assessment, all of which are required to be submitted prior to the commencement of construction. The Company is also working with the local government to secure both the location and purchase price of the land for the Project.

The Project is to be built, owned and operated by Xiangtan Shin-Ko Energy Co., Ltd., in which the Company holds a 50% ownership as described in the press release dated November 23, 2011. The total investment is expected to be funded through project loan financing with local banks.

“We are excited about the regulatory approval which marks a major milestone in the development of the Project,” stated Mr. Huajun Lin, Chairman and CEO of the Company, “The natural gas utilization represents one of the directions of the natural gas industry development in China. LNG, as a source of natural gas, is playing a crucial role in balancing gas demand and supply in localized areas. It also can be an alternative gas source for the areas where the natural gas cannot be accessible through pipelines. As a new business segment of the Company, the Project will produce industrial metal cutting gas, and has the capability to provide a gas source in the form of LNG for other end users.”

He further added, “Strategically, the Project will not only create a new revenue stream to the Company, but also provide an important supplementary gas source in the form of LNG for our current operation and/or other projects in development on Mainland China.”

The Project will receive and process natural gas from the Xiangtan sub-line of Petro-China’s second west-east pipeline through a proposed natural gas gate station that will be constructed and operated by PetroChina’ subsidiary in Hunan Province.



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

Changfeng Energy Inc., is a natural gas service provider with operations located throughout the People's Republic of China. The Company services 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. 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](http://www.changfengenergy.com).

### **For further information please contact:**

Mr. Kevin Ming Zhang

Changfeng Energy Inc.  
Chief Financial Officer

Tel:(416) 362-5032

Fax: (416) 362-2393

Email:kevin@changfengenergy.com

Ms. Ann S.Y. Lin

Changfeng Energy Inc.  
Corporate Secretary

Tel:(416) 362-5032

Fax: (416) 362-2393

Email: ann@changfengenergy.com

### **Forward-Looking Statements**

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