Changfeng Reports Strong Revenue and EBITDA Growth in Fiscal 2010; Provides Business Update

May 2, 2011. Changfeng Energy Inc. ("Changfeng" or the “Company”) (TSX-V: CFY), a natural gas distribution utility operating in China, has filed its audited consolidated financial results for the fiscal year ended December 31, 2010. The audited consolidated financial statements and Management Discussion and Analysis may be downloaded from www.SEDAR.com or from the Company’s website at www.changfengenergy.com.

Summary of 2010 Year End Consolidated Financial Results

(in thousands in $Cdn) except percentages and per share data	2010	2009	Change	%
Revenue	22,135	17,876	4,259	24%
Gross profit	11,546	10,482	1,064	10%
EBITDA	4,443	3,764	870	18%
Net income	1,020	1,123	(103)	-9%
Basic and diluted EPS	0.016	0.017	(0)	-3%

Revenue for the year ended December 31, 2010 grew 24% to $22.1 million versus $17.9 million in 2009. This growth was net of a negative foreign exchange impact of 10% due to the strengthening of the Canadian dollar versus the Chinese Renminbi (RMB) on average in 2010 compared to 2009.

Revenue for the fourth quarter grew 26% to $7.2 million versus $5.7 million for the same period in 2009. This growth was net of a negative foreign exchange impact of 1.7% due to the appreciation of the Canadian dollar versus the RMB on average during Q4 2010 compared to the same period in 2009.

Gross profit for 2010 grew 10% to $11.5 million versus $10.5 million in 2009. Gross margin percentage for 2010 was 52.5% versus 58.6% for 2009. The decrease in gross margin percentage for the year is mainly due to the relatively high 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 the lower margin percentage on compressed natural gas (“CNG”) gas sales from our Changsha CNG retail refueling station which was 6%.

Gross profit for the fourth quarter of 2010 grew 18% to $3.6 million versus $3.1 million for the same period in 2009. Gross margin percentage for the fourth quarter of 2010 was 52.0% versus 54.3% for the same period in 2009.

General and administrative expense for 2010 grew just 7.0% to $4.4 million (18.9% of revenue) from $4.1 million (22.8% of revenue) in 2009.

Travel and business development expense for 2010 grew 19.8% to $3.2 million (14.3% of revenue) from $2.6 million (14.8% of revenue). The majority of travel and business development expense does not relate to the Company's operating business in Sanya City or the CNG retail station but instead relates to investments in projects under consideration or development in mainland China.

Earnings before interest, tax, depreciation and amortization ("EBITDA") for 2010 increased by 18% to $4.4 million compared to $3.8 million in 2009. This increase was also net of a negative annual average foreign exchange impact of 10% in 2010 compared to 2009 due to the strengthening of the Canadian dollar. The increase was primarily as a result of an increase in revenue, lower gross margin percentage, a decrease in general and administrative expense percentage, and a lower travel and business development expense percentage. EBITDA margin percentage in 2010 decreased to 20.1 % versus 21.1% in 2009.

Net income for 2010 decreased 9% to $1.0 million or $0.016 per share versus net income of $1.1 million or $0.017 per share for 2009. This decrease was net of a negative foreign exchange impact of 10% due to the appreciation of the Canadian dollar versus the RMB in 2010 compared to 2009.

Net income for the fourth quarter of 2010 was $0.6 million versus $0.6 million for the same period in 2009. This was net of a negative foreign exchange impact of 1.7% due to the appreciation of the Canadian dollar versus the RMB.

In 2010, the Company made significant progress including:

- Completing extension of a 26.6 km sub-high pressure pipeline to Haitang Bay from its existing network in Sanya City together with 21.2 km of low pressure pipeline in the Sanya region;
    - Connecting three commercial customers to our pipeline network in Haitang Bay: Double Tree by Hilton, Sanya Haitang Bay, Conrad Haitang Bay, and Renaissance Sanya Resort & Spa; and
    - Commencing gas supply to Haitang Bay in late 2010;
- Extending its exclusive concession rights in Sanya City as the Sanya City limits expanded;
- Adding 17,326 residential customers versus 12,654 in 2009, representing 34% growth in our residential customer base;
- Adding 80 commercial customers versus 65 in 2009, representing 18% growth in our commercial customer base;
- Close to completing construction of a CNG/LNG storage and gasification facility in Haitang Bay, which was completed in Q1 2011 and is now in the testing phase;

- Completing construction of its first CNG refueling station in Changsha City and commencing full operation;
- Investing $9.4 million in the above capital expenditure projects;
- Receiving regulatory approval to implement gas price increases in July 2010 raising commercial gas prices 22%, residential gas prices 8% and CNG prices 14%;
- Growing total gas sales (excluding CNG Retail Station) 20% to $13.0 million versus $10.8 million in 2009;
- Growing total volume 16% (excluding CNG Retail Station) to 29.1 million m3 versus 25.0 million m3 in 2009;
- Receiving a 50-year preliminary, exclusive concession right to operate a natural gas construction and distribution business in Pingxiang City and its Industrial Ceramic Park located in Xiangdong District (the "Xiangdong Project"); and
- Receiving a 10-year bank loan of RMB 100 million (approximately $15 million) from the Bank of China.

The Company's cash and cash equivalents at December 31, 2010 were $2.7 million, a decrease of $1.1 million from $3.8 million as at December 31, 2009. This decrease was attributable to capital expenditures during the year mainly for construction of our pipeline network in Sanya City and to Haitang Bay.

The Company's cash increased subsequent to the year end, in March 2011, as the Bank of China agreed to increase the Company's bank loan facility by $4.6 million (RMB 30.0 million) in the form of a one year line of credit (the "Credit Line"). In March 2011, pursuant to the Credit Line, the Company drew $3.1 million (RMB 20.0 million), which is due in March 2012.

Sanya City/Haitang Bay Update

The Company continues to add residential and commercial customers in Sanya City/Haitang Bay. Further, the Sanya City limits are expanding and with it expand the Company's concession rights which allows the Company to connect smaller towns with both residential and commercial customers. Sanya City/Haiting Bay continues to grow as an international tourist destination driving increased gas sales. However, the pace of hotel and condo development in Haitang Bay and Sanya City has slowed due partly to the recent Central Government policy to tighten credit and raise interest rates to fight inflation.

CNG Stations Update

Due mainly to a gas shortage in the Changsha region, the Company has not been able to purchase any CNG pursuant to its long term CNG gas purchase contract with China National Petroleum Company ("CNPC"), The gas shortage is the result of excess demand and limited gas supply pending the arrival of the Second West-East Pipeline. As a result, the Company has purchased gas at higher market prices and with unstable daily volume from other third parties. Gross margin for the year fell well short of expectations (6% in 2010). However, gross margin in Q1 2011 has substantially increased due mainly to lower purchase prices for CNG.

Management believes the gas shortage in Changsha City has affected demand for gas as taxis delay converting to dual use (CNG/gasoline) engines if there is not enough gas available. Average daily volumes in 2010 of approximately 7,000 m3 per day were below capacity of approximately 12,000 m3 per day. The Company believes the gas shortage will be alleviated with the arrival of new gas from the Second West-East Pipeline. Average daily gas volume in Q1 2011 has significantly improved but continues to fall short of expectations.

Near term expansion and development of CNG retail stations in Changsha beyond the first station (to an expected total of seven) is on hold pending the arrival of the Second West-East Pipeline and a long term, secure gas supply source at favorable pricing. The Company is working on securing such a supply source. Other issues such as market size, expected market growth and estimated project returns are expected to play a role in the evolution of the Company's CNG station initiative in Changsha City.

Xiangdong Project Update

The Company has a 50 year preliminary, exclusive concession right for Xiangdong District, Pingxiang City, Jiangxi Province, which is approximately 50 km from Changsha City. Xiangdong District is in what is considered to be one of the industrial ceramic capitals of China. There are approximately 100 ceramic related companies in the area with revenue in 2009 of approximately $2.5 billion.

Within the Company's exclusive concession area is a large ceramic park (the "Ceramic Park") which is 30 square km in size. It is designed to house approximately 72 companies of which approximately 15 are in operation with another approximately 5 completed construction but not yet operating. The Ceramic Park was built by the Government beginning in 2006 with the purpose of integrating the ceramic industry by creating efficiencies in areas such as logistics, rail and research and development.

The Government would also like to encourage the use of natural gas as the heating energy in the local ceramic industry for environmental reasons. The main heating energy for the local ceramic industry is currently coal, coke gas or water gas which contributes to serious air pollution problems in the region. Natural gas is a much cleaner heat energy source. The use of natural gas allows the ceramic companies to produce higher quality, more differentiated products that are higher value and less like commodities. Management believes that many ceramic manufacturing plants in the Ceramic Park will convert to and/or use natural gas as their heating energy when the Second West-East Gas Pipeline begins to commence supply of natural gas to the region.

Changfeng's 50 year, preliminary, concession rights represent a large, potential market for the Company given the large amount of heat energy required for the kilns used by the ceramic companies. The Xiangdong Project is at the development stage pending the arrival of the Second West-East Pipeline to provide gas to the region. The Company is working with the local government and PetroChina to secure a long term gas source with favorable pricing.

Mr. Huajun Lin, Chairman and CEO of Changfeng, reflecting on the evolution of the Company stated that, "the Company has a proven track record of strong organic growth. We achieved 41% four year compound annual revenue growth and 33% three year compound annual EBITDA growth. With our strong revenue growth, we are able to drive increasing gross profit which combined with our success in keeping our expense levels down compared to revenue growth, drives strong EBITDA leverage. In addition to seeing continued growth in Sanya City and Haitang Bay, we continue our efforts to expand our business in mainland China along the second West-East Gas Pipeline."

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 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 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

and

Kevin Zhang
Chief Financial Officer
kevin@changfengenergy.com

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