CHANGFENG ENERGY INC
长丰能源有限公司

Changfeng revenue up 17%, gross profit up 22% and net income up 59% for year ended December 31, 2015.

April 28th, 2016

Toronto, Ontario, April 28th, 2016 – Changfeng Energy Inc., (TSXV: CFY) ("Changfeng" or the "Company"), is pleased to announce that the Company has filed its audited consolidated financial statements for the fiscal year ended December 31, 2015. The audited consolidated financial statement and Management Discussion and Analysis can be downloaded from www.SEDAR.com or from the Company's website at www.changfengenergy.com.

Summary of Consolidated Financial Results for Fiscal Year Ended December 31, 2015 and 2014

In thousands of Canadian dollars	2015	2014	Change	%
Revenue	62,127	53,128	8,999	17%
Gross margin	29,205	23,996	5,209	22%
Net income	6,415	4,042	2,373	59%
EBITDA (1)	16,443	13,509	2,934	22%

Note:
(1) See Non- IFRS Financial Measures in this Press Release

Revenue for the year ended December 31, 2015 was $62.1million, an increase of $9.0 million, or 17%, from $53.1 million for the year 2014. This increase is mainly resulted from increased gas sales volume, connection revenue and appreciation of Chinese RMB to Canadian Dollar, and there is an increase of 3% in Chinese RMB for revenue.

Gas sales revenue for the year ended December 31, 2015 was $28.1 million, an increase of $4.9 million or 21%, from 23.2 million in 2014. The increase is mainly attributable to:

- the appreciation of exchange rate between Chinese RMB and Canadian dollar;
- the gas sales volume increased by 7% for Sanya region in 2015;
- the gas sales volume growth of 91% in Xiangdong district in 2015.

Pipeline installation and connection revenue for fiscal 2015 was $25.2 million, an increase of $4.1 million or 20%, from $21.1 million in 2014. The increase is mainly attributable to:

- the appreciation of exchange rate between Chinese RMB and Canadian dollar;

- comparatively higher amount of new residential customers connected during 2015 in Sanya region, which was in a total of 27,028, an increase of 3,445 or 15%, from 23,583 in 2014;
- significantly higher number of new commercial customers connected during 2015 in Sanya region, which was in a total of 44, an increase of 38 or 633%, from 6 in 2014;
- partly offset by the dropping number of new residential customers connected in 2015 in Xiangdong District, which was 408, a decrease of 354 or 46%, from 762 in 2014.

Revenue from CNG refueling retail station for 2015 was $8.8 million, with a slight decrease of $0.04 million, from 2014. The decrease was totally attributable to market competition and dropped sales volume of 1.7 million m^3, or 13% in 2015 with compared to 2014.

Gross margin for 2015 was $29.2 million, an increase of $5.2 million, or 22%, from $24.0 million in 2014. The gross margin percentage of 47% for 2015 was slightly increased from that of 45% for 2014.

Natural gas distribution utility gross margin as a percentage of sales year-over-year kept steady at 50%. And the CNG refueling station gross margin as a percentage of sales year-over-year increased by 6% (27% for 2015 VS 21% for 2014).

General and administrative expenses for 2015 were $13.4 million, an increase of $2.8 million, or 27%, from $10.6 million in 2014. The increase was attributable to higher employee salaries and benefits as a result of a higher inflation rate in China, additional employees, and higher conference and professional fees. General and administrative expenses as a percentage of sales for 2015 were 22%, higher than 20% in 2014.

Travel and business development expenses for 2015 were $3.5 million, a decrease of $0.1 million, or 3%, from $3.6 million in 2014. As a percentage of sales, travel and business development expenses for 2015 was 6%, a decrease from 7% in 2014. These expenses normally fluctuate with travel and business development activities in mainland China as the Company seeks to develop new projects in close proximity to the new national pipelines.

Impairment losses recognized on trade receivables for fiscal 2015 and 2014 was $0.2 million and $0.06 million, respectively, an increase of $0.14 million or 252%.

Net income for fiscal 2015 was $6.4 million, or $0.10 per share basic and $0.09 per share diluted compared to $4.0 million or $0.06 per share (basic and diluted) in 2014.

EBITDA (non-IFRS measure as identified and defined under section “Non-IFRS Measures”) for fiscal 2015 was $16.4 million, an increase of $2.9 million, or 22%, from $13.5 million in 2014. The increase was driven primarily by higher sales and connection revenue. EBITDA as a percentage of revenue for 2015 was 26%, an increase of 1% from 25% in 2014.

Financial Position

Cash increased by $2.1 million to $14.2million at December 31, 2015 from $12.1 million at December 31, 2014. Cash change mainly originated from cash inflow provided by operating activities of $15.9 million, and cash withdrawal from bank loan of $10.2 million, but offset by cash outflow including repayments of bank indebtedness of $6.1 million and long term bank loan repayment of $3.7 million as well as capital expenditure of $10.2 million, investment in a joint venture of 4.3 million, placement of pledged bank deposits of 2.1 million and share buyback of $0.4 million.

Net cash provided by operations was $15.8 million for fiscal 2015 compared to $5.6 million in 2014.

Cash used in financing activities in 2015 included a $3.7 million long term loan repayment, $0.4 million paid for the share buyback, an increase in bank indebtedness of $10.2 million and a decrease in bank indebtedness of $6.1 million.

Cash used in investing activity included capital expenditures of $10.2 million for fiscal 2015 compared to $5.7 million in 2014, a placement of pledged bank deposits of 2.1 million, and investment in a joint venture of $4.3 million. The expenditures were mainly related to the purchase of equipment and new office building construction for the Xiangdong project, and the on-going construction of pipeline networks to connect new customers in the Sanya region and Xiangdong district.

Changfeng will finance the majority of the upcoming construction of projects under development in mainland China through its long-term bank loans with the BOC and BOC, Pingxiang, as well as operating cash flow from its existing operations.

Non-IFRS Financial Measures

The Company uses the following non-IFRS financial measure: EBITDA. The Company believes this non-IFRS financial measure provides useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below.

Management uses this non-IFRS financial measure to exclude the impact of certain expenses and income that must be recognized under IFRS when analyzing consolidated operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

This measure does not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. This measure is listed and defined below:

EBITDA

EBITDA is defined herein as income before income tax expense, interest expense, depreciation and amortization, share of loss of investment in associate, as well as non-cash stock-based compensation expense. EBITDA does not have any standardized meaning prescribed by IFRS and therefore may not conform to the definition used by other companies. A reconciliation of net income to EBITDA for each of the periods presented as follows:

In thousands (except for % figures)	2015	2014	Change	Change %
Net Income	**6,415**	**4,042**	**2,373**	**59%**
Add (less):				
Income tax	4,067	3,976	91	2%
Interest (income)	(110)	(257)	147	-57%
Share of loss of investment in associate	1	8	(7)	-88%
Share of loss of investment in a joint venture	81	-	81	
Stock-based compensation	167	272	(105)	-39%
Amortization	4,315	3,764	551	15%
Finance costs	1,507	1,704	(197)	-12%
EBITDA	**16,443**	**13,509**	**2,934**	**22%**

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

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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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