



**Changfeng Announces First Quarter Financial Results
for the Three Months Ended March 31, 2017**

May 29, 2017

Toronto, Ontario, May 29, 2017 – Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”) announces that the Company has filed its unaudited condensed interim consolidated financial results for the first quarter ended March 31, 2017. The Company states that revenue had increased 25%, gross margin increased 13% and net profit was also increased by 11% for the three months ended March 31, 2017 with compared to the same period of 2016. The unaudited condensed interim consolidated financial results and Management’s Discussion and Analysis can be downloaded from www.SEDAR.com or from the Company's website at www.changfengenergy.com.

Summary of the First Quarter of 2017 Condensed Consolidated Financial Results

<i>except percentages and per share amounts</i>	<i>RMB'000</i>				<i>CAD'000 (For information purposes and unaudited)</i>			
	<i>Three months ended Mar. 31</i>				<i>Three months ended Mar. 31</i>			
	<i>2017</i>	<i>2016</i>	<i>Change</i>	<i>%</i>	<i>2017</i>	<i>2016</i>	<i>Change</i>	<i>%</i>
Revenue	96,746	77,095	19,651	25%	18,585	16,198	2,387	15%
Gross profit	45,841	40,488	5,353	13%	8,806	8,506	300	4%
Profit for the period	11,128	9,993	1,135	11%	2,138	2,100	38	2%
EBITDA (1)	24,177	23,802	375	2%	4,644	5,138	(494)	-10%

Note:

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

Revenue for the three months ended March 31, 2017 was RMB96.7 million, an increase of RMB19.7 million, or 25%, from RMB77.1 million for the same period of 2016. This increase was mainly due to increases in gas sales and pipeline installation and connection, as well as the sales from the newly added CNG vehicle refueling station in Sanya City since May 2016.

Gas sales revenue for the three months ended March 31, 2017 was RMB60.2 million, an increase of RMB13.1 million or 28%, from RMB47.1 million for the same period of 2016. The increase was mainly attributable to:

- the gas sales volume increased by 19% for Sanya region;
- the gas sales volume growth of 296% in Xiangdong district.

Pipeline installation and connection revenue for the three months ended March 31, 2017 was RMB23.0 million, an increase of RMB0.7 million or 3%, from RMB22.3 million for the same period of 2016. The increase was mainly attributable to:

- comparatively higher number of new commercial customers connected in Xiangdong Region during the first three months ended March 31, 2017, which was in a total of 7, an increase of 4 or 133%, from 3 for the same period of 2016;

- significant higher number of new residential customers connected in Xiangdong Region during the first three months ended March 31, 2017, which was in a total of 406, an increase of 259 or 176%, from 147 for the same period of 2016
- offset by a big drop in both residential and commercial customers connected during the first three months ended March 31, 2017 in Sanya Region, 1,292 newly connected residential customers, dropped from 5,107 or 75%, and 11 newly connected commercial customers, dropped from 16 or 31%, for the same period of 2016, resulting in only slight increase in revenue of RMB0.6 million or 3% in Sanya Region.

Total revenue from CNG refueling retail stations for the three months ended March 31, 2017 was RMB13.5 million, an increase of RMB5.8 million, or 76%, from RMB7.7 million for the same period of 2016. Sales revenue for Changsha CNG station dropped to RMB6.1 million, a decrease of RMB1.6million or 20%, from RMB7.7 million for the same period of 2016. The drop was mainly due to local market competition thus a dropped sales volume of 1.6 million m³, a decrease of 0.4 million m³ or 20%, from 2.0 million m³ for the same period of 2016. Sales revenue from new Sanya CNG/LNG refueling retail station, which commenced its operation in May 2016, was RMB7.4 million for the three months ended March 31, 2017, and the sales volume was 1.4 million m³.

Gross margin for the three months ended March 31, 2017 was RMB45.8 million, an increase of RMB5.3 million, or 13%, from RMB40.5 million for the same period of 2016. The gross margin percentage of 47% for the three months ended March 31, 2017 was decreased from that of 53% for the same period of 2016.

General and administrative expenses for the three months ended March 31, 2017 were RMB18.4million, an increase of RMB4.1 million, or 28%, from RMB14.3 million for the same period of 2016. And as a percentage of sales, it is 19% for the three months ended March 31, 2017 and 19% for the same period of 2016.

Selling and marketing expenses for the three months ended March 31, 2017 were RMB5.8 million, an increase of RMB0.1 million, or 3%, from RMB5.7 million for the same period of 2016. And there is a decrease as a percentage of sales to 6% for the three months ended March 31, 2017 from 7% for the same period of 2016. 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.

Net profit for the three months ended March 31, 2017 was RMB11.1 million, or RMB0.18 per share (basic) and RMB 0.17 per share (diluted) compared to RMB10.0 million or RMB0.16 per share (basic and diluted) for the same period of 2016.

EBITDA (non-IFRS measure as identified and defined under section “Non-IFRS Measures”) for the three months ended March 31, 2017 was RMB24.2 million, an increase of RMB0.4 million, or 2%, from RMB23.8 million for the same period of 2016. EBITDA as a percentage of revenue for the three months ended March 31, 2017 was 25%, dropped from 31% for the same period of 2016.

Financial Position

Cash increased by RMB39.8 million to RMB182.2 million at March 31, 2017 from RMB142.4 million at December 31, 2016. Cash change mainly originated from cash inflow provided by operating activities of RMB37.6 million, and cash inflow of RMB11.8 million from financing activities, but offset by cash outflow of RMB9.4 million used in investing activities.

Net cash provided by operations was RMB37.6 million for the three months ended March 31, 2017 compared to RMB3.2 million for the same period of 2016.

Cash from financing activities during the three months ended March 31, 2017 primarily included cash withdrawals of RMB20.0 million from long term bank loan and RMB14.0 million from short term bank loan, offsetting by repayments of RMB2.3 million for long-term loan and of RMB20.0 million for bank indebtedness.

Cash used in investing activity included capital expenditures of RMB 0.6 million for deposit and RMB8.8 million for acquisition of property and equipment for the three months ended March 31, 2017 compared to RMB9.9 million for the same period of 2016. The capital expenditures were mainly related to the purchase of equipment and on-going construction of pipeline networks to connect new customers in the Sanya region and Xiangdong.

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, Sanya and BOC, Pingxiang, as well as operating cash flow from its existing operations.

Non-IFRS Financial Measures

The Company uses certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as alternatives to net income or to cash provided by operating, investing, and financing activities determined in accordance with IFRS, as indicators of its performance. Changfeng provide these measures to assist investors in determining its ability to generate income and cash provided by operating activities and to provide additional information on how these cash resources are used. These measures are 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 and joint venture, 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 in this MD&A as follows:

In RMB'000 (except for % figures)	Q1 2017	Q1 2016	Change	Change%
Profit for the period	11,128	9,993	1,135	11%
Add (less):				
Income tax	7,344	6,902	442	6%
Interest (income) loss	(185)	(79)	(106)	133%
Share of loss of an associate	1	2	(1)	-50%
Share of loss of a joint venture	0	590	(590)	-100%
Amortization	4,134	3,941	193	5%
Interest on borrowing	1,755	2,453	(698)	-28%
EBITDA	24,177	23,802	375	2%

Subsequent Event

On May 25, 2017, the Board of Directors of the Company (with Mr. Huajun Lin (“Mr. Lin”) abstaining) approved a proposal to repay the loans advanced by Mr. Lin to the Company with a cash payment of RMB 36.0 million (the “Cash Payment”), subject to approval of the shareholders of the Company. In addition, the Company has the right to request that Mr. Lin, directly or indirectly, subscribe for common shares of the Company in an amount equal to the Cash Payment if the Company’s common shares are not listed on the Hong Kong Stock Exchange by June 30, 2019, at a price equal to the volume weighted average price of the common shares of the Company on the TSX-V (or any other exchange on which such common shares are then trading (collectively the “Exchange”)) for the 30 trading days immediately prior to June 30, 2019, subject to the approval of the Exchange.

Additional details regarding the proposal will be included in the Company’s management information circular for the upcoming annual and special meeting of shareholders of the Company, to be held on June 30, 2017 at 10 a.m.



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

For further information please contact:

Mr. Yan Zhao CPA, CA

Chief Financial Officer

647.313.0066

yan.zhao@changfengenergy.cn

Ms. Ann S.Y. Lin

VP, Corporate Development and
Corporate Secretary

647.313.0066

Siyin.lin@changfengenergy.cn

Forward-Looking Statements

Information set forth in this news release may involve forward-looking statements under applicable securities laws, including, without limitation, statements with respect to the proposal to repay the loans and the Company's right to request that Mr. Lin subscribe for common shares of the Company. 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, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements contained in this press release are based on certain assumptions, including, but not limited to the following: the Company has sufficient cash on hand to make the Cash Payment, the Company would remain solvent following the Cash Payment, the stability of general economic and market conditions, currency exchange rates and interest rates, and that the risk factors the Company is subject to, collectively, do not have a material adverse impact on the Company. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements or developments expressed or implied by such forward-looking statements, including the risk factors set forth in the Company's securities filings with the Canadian securities regulators. 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.



Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

- End -