



Changfeng Energy Announces 2018 Interim Results Profit attributable to shareholders from continuing operations increased by 73% to RMB34.4 Million (Approx. CAD6.5 Million)

August (29, 2018, Toronto) – **Changfeng Energy Inc.** (“Changfeng” or the “Company”; TSXV: CFY) today announced its interim results for the six months ended June 30, 2018 (“1H 2018”).

Financial Highlights

- Revenue increased by 20% to RMB204.9 million (Approx. CAD41.1 million) compared to 1H 2017: RMB170.2 million (Approx. CAD34.2 million)
- Gross profit grew by 14% to RMB89.2 million (CAD17.9 million) compared to 1H 2017: RMB78.3 million (CAD15.7 million)
- Profit attributable to shareholders from continuing operations increased by 73% to RMB 34.4 million (CAD 6.9 million) compared to 1H 2017: RMB19.8 million (CAD4.0 million)
- Total gas volume sold up by 19%
- Basic earnings per share from continuing operations was RMB0.53 (CAD0.11 compared to 1H 2017: RMB0.30 (CAD0.06)

For 1H 2018, the Company recorded total revenue of RMB204.9 million (CAD41.1 million) compared to 1H 2017: RMB170.2 million (CAD32.4 million), up by 20% year-on-year (“YoY”). Of the total revenue, gas distribution utility and compressed natural gas (“CNG”) vehicle refueling contributed RMB176.3 million (CAD35.4 million) and RMB28.6 million (CAD5.7 million) respectively. Gross profit rose by 14% to RMB89.2 million (CAD17.9 million) compared 1H 2017: RMB78.3 million (CAD15.7 million). EBITDA from continuing operations was RMB32.2 million (CAD6.5 million) compared to 1H 2017: RMB 28.0 million (CAD5.6 million). Profit attributable to shareholders from continuing operations was RMB34.4 million (CAD6.9 million) compared to 1H 2017: RMB19.8 million (CAD4.0 million), increased by 73% YoY, due to increase in profit from continuing operations and fair value change of RMB 14.5 million (CAD2.9 million) on put option arising from the disposal of our controlling interest in a subsidiary. Basic earnings per share from continuing operations amounted to RMB0.53 (CAD0.11) compared to 1H 2017: RMB0.30 (CAD0.06).

This is the second year of Changfeng’s three-year plan to strategically shift its corporate focus to sustainable energy in combination with natural gas to become an integrated energy provider in the PRC. During the reported period, total gas sales volume rose by 19% to 29.5 million cubic metres, mainly contributed by Sanya and the commencement of gas sales in Hebei region in the second quarter of 2018. Increase in gas price continued since May 2017.

Mr. Huajun Lin, Chairman, President and CEO of Changfeng, said: “We are pleased to have delivered satisfactory results with growing revenue and improved profitability. We expect the volume of gas sold during the rest of the year to increase with our existing pipeline networks in the Sanya Region continuing to add both residential and commercial and industrial customers to its network, the industrial customers in Hebei Province, and the successful procurement of the two new LNG supply customers in Wenchang City, Hainan Province this month, which marked Changfeng’s first step into extending its natural gas distribution business outside of Sanya City on the Hainan Island.

We will continue to put great effort in the preparation of the HK IPO as to meet the target of successful listing on the HKEX within the first half of 2019, which will serve to broaden Changfeng’s investor base, increase stock liquidity, and allow the company to gain access to and recognition of strategic investors in the Chinese market.”

Business Review

Projects in Operation

Currently Changfeng has six projects in operation: two pipeline natural gas distribution projects, two liquefied natural gas (“LNG”) supply distribution projects, and two compressed natural gas (“CNG”) vehicle refueling stations. Changfeng has a 30-year exclusive concession right to distribute natural gas in Sanya City and the supply of natural gas to three factories in Xingtai City, Shijiazhuang City and Baoding City, Hebei Province, which officially commenced in March 2018, April 2018 and May 2018 respectively.

Projects under Development

Major projects under development include the integrated smart energy project (the “Haitang Bay Integrated Smart Energy Project”) which combines the usage of multiple clean energy sources, including solar, hydro, electricity, and natural gas (CCHP/Co-Gen), to supply cooling, heating, as well as hot water to the hotels, shopping centers, and households in the Haitang Bay area of Sanya City, Hainan Province, with the 30-year concession right to build, own and operate four energy-processing stations there.

Prospects

For the rest of 2018, Changfeng will continue to implement its long-term growth strategy through its proposed Guangdong Grid pipelined gas project in the Western Guangdong area of the Guangdong Province and work towards moving forward the development of the Haitang Bay Integrated Smart Energy Project with the EDF Group in Sanya City to commence commercial operation by the end of 2018.

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.

Mr. Lin concluded: “Since the Company’s inception over 20 years ago, Changfeng has always strived to provide natural gas, a cleaner alternative to coal, to our customers. We believe that China’s smart energy is on a strong growth trend and presents huge potential with opportunities. Changfeng will continue to adhere to its development strategies and leverage its abundant experience in operating an advanced model so as to provide cleaner energy, striving for the highest returns to our shareholders.”

About Changfeng Energy Inc.

Changfeng Energy Inc. is a leading integrated smart energy provider and natural gas distribution company (or natural gas utility) in China. Changfeng was listed on the Toronto stock exchange of Canada (TSXV) since 2008, and is the only natural gas company in China listed on TSXV. In 2009, Changfeng was recognized as one of China’s Top Ten Most Influential Brands in the natural gas industry.

Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements and forward-looking information (collectively, “Forward-Looking Statements”). All statements, other than statements of historical fact, included or incorporated by reference in this document are Forward-Looking Statements, including statements regarding activities, events or developments that the Company expects or anticipates may occur in the future. These Forward-Looking statements can be identified by the use of forward-looking words such as “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe” or “continue” or similar words or the negative thereof. No assurance can be given that the plans, intentions or expectations or assumptions upon which these Forward-Looking Statements are based will prove to be correct and such Forward-Looking Statements included in this news release should not be unduly relied upon.

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. Such Forward-Looking Statements are not a guarantee of performance and 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. These factors include, without limitation, no significant and continuing

adverse changes in general economic conditions or conditions in the financial markets. Readers are cautioned that all Forward-Looking Statements involve risks and uncertainties, including those risks and uncertainties detailed in the Corporation's filings with applicable Canadian securities regulatory authorities, copies of which are available at www.sedar.com. The Company urges readers to carefully consider those factors.

The Forward-Looking Statements included in this news release 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. 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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Tele-conference

Date: Tuesday, September 4, 2018
Time: 10:30am (ET); 10:30pm (Beijing)
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