

Changfeng Announces General Business Update

TORONTO, Aug. 08, 2018 -- Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”) an energy provider in China, announces the following business updates:

Pingxiang Project Concession Right

On November 23, 2017, the Company announced that Sanya Changfeng New Energy Investment Co., Ltd. (“Sanya Changfeng”), a subsidiary of the Company and Hunan Zhongyou Gas Co., Ltd. (“Zhongyou Gas”), the joint shareholders of Pingxiang Changfeng Gas Co., Ltd. (now renamed as Pingxiang Xin’ao Changfeng Gas Co., Ltd.) (the “Project Company”) had entered into an equity restructuring agreement (the “Agreement”) with Xin’ao Gas Development Co. Ltd. and Xin’ao Gas (China) Investment Co., Ltd. (collectively, referred to as “Xin’ao Gas”) whereby Sanya Changfeng and Zhongyou Gas collectively agreed to dispose (the “Disposal”) to Xin’ao Gas a controlling interest in the Project Company. Pursuant to the Agreement, Sanya Changfeng and Zhongyou Gas have committed to repurchase the share interest in the Project Company from Xin’an Gas and repay to Xin’ao Gas the full consideration under the Disposal should the Project Company fail to be granted a new concession right (in the form issued by the Ministry of Housing and Urban-Rural Development of the PRC) (the “New Concession Right”) under the new shareholding structure within 2 years after completion of the Disposal.

The Company is pleased to announce that the Project Company has entered into a supplementary contract (the “Supplemental Agreement”) with the Xiangdong District Government of Pingxiang, Jiangxi, the PRC. The Supplementary Agreement states that the New Concession Right for natural gas pipeline distribution (in the form issued by the Ministry of Housing and Urban-Rural Development of the PRC) has been approved and will be granted to the Project Company within 30 days following the signing of the Supplementary Agreement. The New Concession Right grants the Project Company a 30 year pipeline natural gas distribution right, beginning from January 19, 2010 to January 18, 2040. Extension can be applied to the New Concession Right in 15 year increments upon expiration, with no limit on the number of extensions.

Receiving the New Concession Right will discharge Sanya Changfeng of the potential obligation to repurchase its interest in the Project Company.

Working Capital Loan

Sanya Changfeng Offshore Natural Gas Distribution Co., Ltd., a wholly owned subsidiary of Changfeng, has successfully procured a RMB20 million secured short-term loan from Bank of China, Sanya Branch for working capital of its daily operations. This secured loan carries a fixed annual interest rate of 4.35% and will be due for repayment in 12 months.

Ceramic Manufacturer Client in Hebei

The Baoding ceramic manufacturer client of Hebei Riheng Clean Energy Ltd., Co. (“Riheng Energy”), a controlled subsidiary of Changfeng Energy Inc., has declared that its factory will temporarily halt production for the next two months due to operational issues and seasonality.

About Changfeng Energy Inc.

Changfeng Energy Inc. is a Canadian public company currently traded on the Toronto Venture Exchange (“TSX-V”) under the stock symbol “CFY”. It is an integrated energy provider and natural gas distribution company (or natural gas utility) in the People’s Republic of China. Changfeng strives to combine leading clean energy technology with natural gas usage to provide sustainable energy to its customer base in the PRC. In 2009, Changfeng was recognized as being one of China’s Top Ten Most Influential Brands in the Natural Gas Industry.

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Forward-Looking Statements

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