

Changfeng Energy Announces Results for Nine Months ended September 30, 2018

Strategic Expansion to Tap Increasing Demand and Drive Future Growth Provides Sustainable Energy and Clean Technology to Complement Usage of Natural Gas

Aspires to Become an Integrated Smart Energy Provider in China

HONG KONG, Nov. 29, 2018 -- **Changfeng Energy Inc.** (TSXV: CFY) (“Changfeng” or the “Company”, together with its subsidiaries, the “Group”), an energy provider in the People’s Republic of China (the “PRC”), announces today its results for the nine months ended September 30, 2018 (“the Period”).

For the Period, the Group recorded revenue of RMB290.6 million or CAD57.5 million (same period 2017: RMB266.3 million or CAD51.1 million), up 9% period-on-period (“PoP”). Gross profit recorded was RMB119.6 million or CAD23.7 million (same period 2017: RMB126.0 million or CAD24.2 million). Profit from continuing operations was RMB40.0 million or CAD7.9 million (same period 2017: RMB35.7 million or CAD6.9 million), increased by 12% PoP. Basic earnings per share from continuing operations was RMB0.62 or CAD0.12 (same period 2017: RMB0.54 or CAD0.10).

In Guangdong Province, Changfeng completed construction of a 2.0-kilometer pipeline connecting the provincial natural gas trunk lines to the Gaoyao Combined Heat, Power and Cold Natural Gas Power Plant (the “Datang Gaoyao Plant”) owned by Guangdong Datang International Zhaoqing Heat & Power Co., Ltd. (“Guangdong Datang”). On November 14, 2018, Guangdong Datang began a successful trial operation to transport natural gas through the Changfeng pipeline to the Datang Gaoyao Plant. Changfeng is currently in negotiations with Guangdong Datang and Guangdong Grid on a definitive agreement to provide gas transmission service to the Datang Gaoyao Plant and expects to execute the definitive agreement in the near term.

The recent trial run of a liquefied natural gas (“LNG”) shipment from Canada to the PRC using ISO-containers was successfully completed. The LNG shipment arrived in Shanghai on 8 November 2018, and was sent onward to Hebei. Unlike the market price of pipeline gas, which is regulated by the PRC government, LNG prices are relatively deregulated and market-oriented. Accordingly, as management has observed that in the winter months, due to higher demand for natural gas required for heating in the PRC, the available supply of natural gas may be lower and trucked LNG prices may increase, there is an opportunity for the Company to increase its supply of LNG to customers at higher prices in the winter months. The trial shipment signifies a move to strategically position the Company to seize such opportunities and to tap the potential synergy of Sino-Canadian energy trading and the natural gas supply business.

Mr. Huajun Lin, Chairman, President and CEO of Changfeng, who has over 20 years of experience in the natural gas industry, said: “We are very pleased to see our pipeline in trial operation, the successful LNG shipment from Canada to the PRC and the signing of the agreement to jointly of the integrated district energy distribution project in the New Economic Development Zone of Meishan City, Sichuan Province, the PRC, a hub for manufacturers of drugs, health supplements, medical equipment, and other medical related supplies. With the PRC government pressing ahead with reforming the country’s energy structure, shifting away from a coal-based economy, we expect demand for natural gas as a clean energy source to remain strong. The Group is reaching another major milestone on the path of becoming an integrated smart energy provider in China with provision of sustainable energy and clean technology to complement the usage of natural gas.”

Business Review

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 realize its aspiration of becoming an integrated energy provider in the PRC.

Projects in Operation

Currently, Changfeng has seven projects in operation: two pipeline natural gas distribution projects, three 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 supply natural gas to factories in Hebei and Hainan Province.

Projects under Development

Major projects under development include an integrated smart energy project (the “Haitang Bay Integrated Smart Energy Project”) which combines 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 hotels, shopping centers, and households in the Haitang Bay area of Sanya City, Hainan Province. The Group has a 30-year concession right to build, own and operate four energy-processing stations in the Haitang Bay area of Sanya City, Hainan Province.

Prospects and Strategic Focus

The Chinese economy is moving away from coal dependency. To capitalize on opportunities the Company sees in the Chinese energy sector, Changfeng looks to integrated smart energy and clean technology to complement the usage of natural gas.

Changfeng will continue to provide natural gas to its customers, which is a cleaner alternative to coal. Building on the successful trial shipment of LNG to Hebei in November this year, Changfeng will seek to broaden its LNG supply base outside of the PRC to meet increasing demand for natural gas.

For the rest of 2018, Changfeng will continue to implement its long-term growth strategy which involves the proposed Guangdong Grid pipeline gas project in Western Guangdong Province, development of the Haitang Bay Integrated Smart Energy Project with EDF Group in Sanya City, with commercial operation expected by early 2019, and commencing development of the newly acquired Meishan Project. In addition, the Group will continue to work on preparing its Hong Kong IPO and targeting a listing on The Stock Exchange of Hong Kong Limited in the first half of 2019.

Mr. Lin concluded: "Since its inception over 20 years ago, Changfeng has strived to provide natural gas, a cleaner alternative to coal, to customers. We believe smart energy is on a strong growth trend in China and is loaded with development potential and opportunities. On top of helping address the strong demand for natural gas in the region, we see our strategic development efforts opening to us opportunities in the China market at large. Changfeng will continue to adhere to its development strategies and draw from its abundant experience in operating its advanced business model to provide cleaner energy, as well as generate the highest returns for shareholders."

About Changfeng Energy Inc. (Toronto listed symbol: TSXV:CFY)

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 PRC. 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 the Top Ten Most Influential Brands in the Natural Gas Industry. For details of Changfeng, please visit: www.changfengenergy.com.

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, the execution of a definitive agreement with Guangdong Datang and Guangdong Grid in the near term, statements regarding the PRC government's energy reform policies, the decreased supply, higher demand and increased prices for natural gas in the winter months, opportunities in respect of LNG supply, including importing LNG from Canada, the strategic positioning of the Company to seize opportunities for LNG supply, the expectation that demand for natural gas will remain strong, the movement of the Chinese economy away from coal, opportunities in the Chinese energy sector, the Company's long-term growth strategy, the timing for the Hong Kong IPO and listing of the Company's shares on The Stock Exchange of Hong Kong Limited and the strong growth trend for smart energy in China. 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, no changes in PRC energy policies that currently support clean energy, the availability of LNG sources at reasonable prices to the Company, and no inability for the Company to meet the listing rules of The Stock Exchange of Hong Kong Limited or to complete an initial public offering in Hong Kong. Readers are cautioned that all Forward-Looking Statements involve risks and uncertainties, including those risks and uncertainties detailed in the Company'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: Wednesday, December 5, 2018

Time: 10:00am (ET); 11:00pm (Beijing)

Topic: Changfeng Energy Inc. 2018 Third Quarter Results

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