



Changfeng Sells its Stake in Caofeidian Evergrowth Energy Co., Ltd.

October 25, 2016

Toronto, Ontario, October 25, 2016 – Changfeng Energy Inc. (TSX-V: CFY) ("Changfeng" or the "Company"), an energy service provider in China, announced today that Sanya Changfeng Offshore Natural Gas Distribution Co., Ltd., a wholly-owned subsidiary of Changfeng, sold the Company's indirect interest in Caofeidian Evergrowth Energy Co., Ltd. ("Evergrowth" or the "Joint Venture"), which was established by Changfeng and Tangshan Caofeidian Development Investment Group Co., Ltd. ("CFD Group") in 2015 to China Overseas Smart City Co., Ltd. ("COMC") on October 17, 2016, pursuant to an agreement dated September 29, 2016. CFD Group has also agreed to sell its interest in the Joint Venture to COMC.

The purchase price for the Joint Venture was satisfied through a cash payment of approximately RMB \$13.0 million (CAD\$2.6 million) by COMC to Changfeng, with the purchase price having been based on the assessment of the net asset value of the Joint Venture as at August 31, 2016 by an independent valuator appointed by COMC.

The registered capital of the Joint Venture is currently RMB 200 million (approximately CAD\$41 million). Changfeng and CFD Group each owned 50% of the Joint Venture. RMB 40 million of the registered capital had previously been contributed to the Joint Venture by Changfeng and CFD Group. The remaining RMB 160 million of registered capital is required to be contributed within 10 years of incorporation. Pursuant to the Agreement, COMC has assumed Changfeng's and CFD Group's responsibility for the remaining RMB 160 million of uncontributed registered capital.

Changfeng expects to realize an investment loss (including Changfeng's share of the loss of the Joint Venture) of approximately CAD\$1.3 million (before giving effect to any adjustments resulting from foreign currency translation) on the Joint Venture in 2016. Changfeng had also previously loaned RMB \$2 million to a subsidiary of the Joint Venture and expects to recognize an impairment loss of RMB \$2 million (CAD\$402,000) in its financial statements with respect to this loan.

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, including the expected investment loss and impairment loss on the disposition of the Joint Venture to CMOG. 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. 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. 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.

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