

**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

FILIP LAMBERT, JIGNESH PATEL,
and REILLY CHASE, Individually and
on Behalf Of All Others Similarly Situated,

Plaintiffs,

v.

BAKER TILLY HONG KONG LIMITED,
ANDREW DAVID ROSS, and HELENA
LAIHA KWOK,

Defendants.

Case No. 2:14-cv-09959-CBM-MANx

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR
ATTORNEY'S FEES AND EXPENSES, AND SETTLEMENT FAIRNESS HEARING**

**IF YOU PURCHASED OR ACQUIRED COMMON STOCK OF CHINA NORTH EAST
PETROLEUM HOLDINGS LIMITED BETWEEN SEPTEMBER 3, 2010, AND MARCH 14, 2012,
INCLUSIVE, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.**

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Your legal rights are affected whether you act or do not act.

Please read this Notice carefully.

Security and Time Period: Common stock of China North East Petroleum Holdings Limited (“CNEP” or the “Company”) purchased or acquired between September 3, 2010, and March 14, 2012, inclusive (the “Settlement Class Period”).

Settlement Fund: \$925,000.00 in cash. Your recovery will depend on: the number of shares of common stock you, and other Settlement Class Members who file claims, purchased and sold during the Settlement Class Period; and the dates on, and prices at which, you, and the other Settlement Class Members who file claims, purchased and sold those shares. The estimated average recovery per damaged share of CNEP common stock if all Class Members choose to participate is approximately \$.09 per share before deduction of Court-approved fees and expenses and costs of notice and claims administration.

Reasons for Settlement: The case, which has been prosecuted since December 31, 2014, alleges that investors paid too much for CNEP’s common stock due to material misrepresentations made by Baker Tilly Hong Kong Limited (“BTHK”), Andrew David Ross (collectively “the Settling Defendants”), and Helena Laiha Kwok in their report on the audit of CNEP’s 2009 year-end financial statements. The Lead Plaintiff and Lead Counsel believe that the Settlement provides the Settlement Class with a benefit now, instead of after years of further uncertain litigation, including disposition of summary judgment motions, a contested trial and likely appeals, with the possibility of no recovery at all. In this case, a further bar to recovery is the fact that all witnesses are located in Hong Kong.

The Settling Defendants have denied and continue to deny each and all of the allegations made and claims brought by Plaintiff, maintain that they have meritorious defenses, and contend that many of the factual allegations are materially inaccurate. The Settling Defendants also have denied and continue

to deny, inter alia, the allegations that Plaintiff or the Settlement Class have suffered damages, that the price of CNEP common stock was artificially inflated by reason of alleged misrepresentations, non-disclosures, or otherwise, or that Plaintiff or the Settlement Class was harmed by the conduct alleged in the operative complaint.

Nonetheless, the Settling Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Settling Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. The Settlement shall in no event be construed as, or deemed to be evidence of, an admission or concession by any of the Defendants with respect to any claim of any fault or liability or wrongdoing or damage to the Settlement Class Members in this Litigation or any admission by Lead Plaintiff and the Settlement Class that they could not have recovered more than the Settlement Amount at trial.

If the Case Had Not Settled: The Settlement must be compared to the risk of no recovery after contested dispositive motions, trial and likely appeals. A trial is a risky proposition. The claims in the Litigation involve numerous complex legal and factual issues, many of which would require expert testimony. The Settling Parties disagree on both liability and damages and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. Among the many key issues about which Plaintiffs and the Settling Defendants do not agree are: (1) whether the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the misstatements, misrepresentations and omissions alleged by the Plaintiffs were material, false, misleading or otherwise actionable under the securities laws; (3) the extent (if any) that the alleged misrepresentations and omissions influenced the trading price of CNEP's common stock during the Settlement Class Period; and (4) the method for determining whether, and the extent to which, purchasers of common stock of CNEP suffered injury and damages that could be recovered at trial.

Attorneys' Fees and Expenses: Lead Counsel have not received any payment for their work or expenses incurred in investigating the facts, conducting this Litigation and negotiating the Settlement on behalf of the Plaintiffs and the Settlement Class. Lead Counsel will ask the Court for attorneys' fees not to exceed thirty percent (30%) of the Settlement Fund and expenses not to exceed \$20,000 to be paid from the Settlement Fund. Lead Counsel will also seek an award to the Lead Plaintiff and other named plaintiffs for reimbursement of reasonable costs and expenses (including lost wages) directly relating to their representation of the Class, collectively not to exceed \$5,000.

If the above amounts are requested and approved by the Court, the average cost per damaged share of common stock of CNEP if all Class Members choose to participate is approximately \$0.03, making the estimated recovery per share after fees and expenses approximately \$0.06.

Dismissal and Releases: If the proposed Settlement is approved, the Court will enter a Final Judgment. The Final Judgment will dismiss the Released Claims with prejudice as to the Released Persons, which include all Defendants in this action (including, but not limited to, their parents, subsidiaries and affiliates, and all of their employees, directors and officers). The Final Judgment will provide that all Settlement Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Members of the Settlement Class have such claims) against all Released Persons. The terms of the releases, including the meaning of the term "Released Claims," are set forth in the Stipulation and Agreement of Settlement ("Stipulation"). In exchange for payment of the Settlement Amount and the receipt of releases from Lead Plaintiffs and the Settlement Class, the Settlement also provides for releases by the Settling Defendants of Lead Plaintiffs and Settlement Class members and their Released Persons ("Released Defendants' Claims").

Deadlines:

Submit Claim: March 6, 2017
File Objection: March 14, 2017
Request Exclusion: March 14, 2017
Court Hearing on Fairness of Settlement: April 4, 2017

More Information: www.strategicclaims.net

Claims Administrator: <i>Baker Tilly Hong Kong Limited Settlement</i> c/o Strategic Claims Services 600 N. Jackson Street, Suite 3 P.O. Box 230 Media, PA 19063 Tel: (866) 274-4004 Fax: (610) 565-7985	Lead Counsel: WOLF HALDENSTEIN ADLER FREEMAN AND HERZ LLP Matthew M. Guiney 270 Madison Ave. New York, NY 10016 Tel: (212) 545-4600 Fax: (212) 686-1060
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YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM	The only way to receive a payment.
OBJECT	You may object to the Court if you do not like this Settlement.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the class claims being released in this case.
DO NOTHING	Receive no payment.

You may submit a claim or object, or do both, or do nothing. However, if you timely exclude yourself, that is the only thing you can do: you may not object in writing, you may not appear at the Court Hearing on Fairness of Settlement to state any objections, and you may not submit a claim.

If you object and do not request exclusion, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object.

Unless you timely request exclusion from the Settlement Class, or unless the Court rejects the proposed Settlement, you are bound by the Stipulation of Settlement and its releases, whether or not you submit a claim or object.

These rights and options — *and the deadlines to exercise them* — are explained in this Notice.

The Court presiding over this case must decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

The Court has authorized this Notice, but no money will be paid to anyone until the Court holds the Settlement Hearing on April 4, 2017. The Court has not decided the merits of this case.

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BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased or acquired common stock of CNEP between September 3, 2010, and March 14, 2012, inclusive.

This Notice was sent because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments to those persons who timely submit claims in the manner described below.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Central District of California, and the case is known as *Kachun Wong v. Baker Tilly Hong Kong, Ltd.*, Case No. 14-cv-9959-CBM. Filip Lambert is called the Lead Plaintiff, and the Lead Plaintiff, together with Jignesh Patel and Reilly Chase, are collectively referred to as Plaintiffs. The company and persons they have sued are collectively called the Settling Defendants. The Settling Parties include Plaintiffs and the Settling Defendants.

2. What Is This Lawsuit About?

This Litigation alleges violations of the Federal Securities Laws (specifically, Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b), 78t(a)) against Defendants.

CNEP was a publicly traded Nevada corporation with its principal executive offices located in the People's Republic of China. Plaintiffs alleged that the price of CNEP's common stock was artificially inflated as a result of untrue or materially misleading statements concerning the Defendants' audit of CNEP's 2009 year-end financial statements. Plaintiffs alleged that these material misstatements were contained in the Defendants' audit report, which was filed and disseminated in connection with CNEP's 2009 Form 10-K. Plaintiffs further contend that investors suffered injury as a result of their purchase of common stock of CNEP at a price that was artificially inflated by the Defendants' misrepresentations, when the price declined as the true facts were revealed at the end of the Settlement Class Period.

3. Why Is This A Class Action?

Class actions are generally used in lawsuits that affect a large number of individuals; in effect, the class action operates to consolidate into a single action all of the claims of individuals allegedly harmed by the same conduct or course of conduct, thus alleviating the need for members of the class to file their own individual lawsuits to recover for the harm alleged. Once the class is certified, a court is empowered to resolve all issues on behalf of members of the class, except for those members of the class, if any, who specifically choose to exclude themselves from the class.

As part of both the preliminary and final approval process, Plaintiffs ask the Court to certify the Settlement Class for settlement purposes only. The proposed Settlement Class that was preliminarily certified (for the purpose of providing this Notice to you and other proposed Settlement Class Members) consists of all persons or entities who purchased or otherwise acquired common stock of CNEP between September 3, 2010, and March 14, 2012, inclusive, and were allegedly damaged thereby. All Settlement Class Period purchasers of common stock of CNEP are members of the Settlement Class, except those persons who timely file a request for exclusion by March 14, 2017. All persons who do not timely exclude

themselves from the Settlement Class will be bound by the proposed Settlement and its accompanying release.

4. Why Is There a Settlement?

The Court did not decide in favor of the Plaintiffs or the Settling Defendants. Instead, both sides agreed to a Settlement. This permits them to avoid the cost and uncertainty of a trial and permits eligible Settlement Class Members who submit valid claims to receive some compensation now, rather than wait for the result of trial and possible appeals. The Plaintiffs and their attorneys believe the Settlement is best for all Settlement Class Members. The Settling Defendants have concluded that further defense of the Litigation would be protracted and expensive and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Settling Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Litigation.

WHO IS IN THE SETTLEMENT CLASS

To see if you will receive money from this Settlement, you first have to determine if you are a Settlement Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Settlement Class includes all persons or entities who purchased or otherwise acquired the common stock of CNEP between September 3, 2010, and March 14, 2012, inclusive, and were allegedly damaged thereby.

6. What Are the Exceptions to Being Included?

You are not a Settlement Class Member if you are a Defendant, members of the immediate family of any such Defendant, any parent or subsidiary of any such Defendant, any person, firm, trust, corporation, officer, director, or other individual or entity in which any Defendant has or had a controlling interest during the Settlement Class Period, the partners, officers and directors of any Defendant during the Settlement Class Period, and legal representatives, agents, executors, heirs, successors, or assigns of any such excluded Person.

The Defendants or any entity in which any of the Defendants has or had a controlling interest (together a "Defendant-Controlled Entity") are excluded from the Settlement Class only to the extent that such Defendant-Controlled Entity itself purchased a proprietary (i.e., for its own account) interest in common stock of CNEP. To the extent that a Defendant-Controlled Entity purchased any common stock of CNEP in a fiduciary capacity or otherwise on behalf of any third-party client, account, fund, trust, or employee benefit plan that otherwise falls within the Settlement Class, neither such Defendant-Controlled Entity nor the third-party client, account, fund, trust, or employee benefit plan shall be excluded from the Settlement Class with respect to such fiduciary purchases.

7. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Strategic Claims Services at 1-866-274-4004 for more information. Or you can fill out and return the Claim Form described in question 10 to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

The Settlement will result in a fund of \$925,000.00 in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses; Lead Plaintiff's expenses, if any; and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing the newspaper notice (the "Net Settlement Fund"), will be divided among all eligible Settlement Class Members who send in valid Claim Forms.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid Claim Forms that Settlement Class Members send in, the number of shares of common stock of CNEP you purchased or acquired during the relevant period, and the timing of your purchases and sales. You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than \$10.00.

You can calculate your Recognized Loss in accordance with the formula shown below in the Plan of Allocation. After all Settlement Class Members have sent in their Proof of Claim and Release forms, the payment you receive will reflect your Recognized Loss in relation to the Recognized Losses of all persons submitting Claim Forms. The Recognized Loss is not the amount of the payment that you can expect, but is used to determine how the Net Settlement Fund is allocated among all persons submitting claims.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Settlement Class Member, send in a valid Proof of Claim and Release form, and properly document your claim as requested in the Claim Form. A Proof of Claim and Release form is enclosed with this Notice. You may also get a Proof of Claim and Release form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents the form asks for, sign it, and mail it to the Claims Administrator (see address above) such that it is postmarked no later than March 6, 2017.

11. When Will I Receive My Payment?

The Court will hold a hearing on April 4, 2017, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain when these appeals will be resolved, and resolving them can take time, perhaps more than a year. Even if no appeals are filed, it will take additional time for the Claims Administrator to process all of the Proof of Claim and Release forms, determine the ultimate distribution amounts, and apply for a Court Order for distribution.

12. What Am I Giving Up to Receive a Payment?

As a Settlement Class Member, you will be giving up certain rights that you currently have if the Court approves the Settlement. Unless you timely exclude yourself from the Settlement Class by no later than March 14, 2017, you are a Member of the Settlement Class and will be bound by the release of claims against the Defendants and their Related Persons. That means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Claims in this case. It also means that all of the Court's orders will apply to you and legally bind you, and you will release your claims in this case against the Defendants. The terms of the release are included in the Claim Form that is enclosed. Note: If you object, but the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Members of the Settlement Class who do not object.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

If you do not want a payment from the class action Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own for the Released Claims in the class action, then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as “opting out” of the Settlement Class.

13. How Do I Get Out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from the class. You must include your name, address, telephone number, your signature, information about the shares of CNEP common stock you purchased or acquired between September 3, 2010, and March 14, 2012, inclusive (including date, price, and amount), and information about shares of CNEP common stock you sold during this time period, if any (including date, price, and amount). You must mail your exclusion request postmarked no later than March 14, 2017 to:

Baker Tilly Hong Kong Limited Settlement
c/o Strategic Claims Services
600 N. Jackson Street, Suite 3
P.O. Box 230
Media, PA 19063

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, you cannot object to the Settlement, and you will not be legally bound by the Settlement.

14. If I Do Not Exclude Myself, Can I Sue the Settling Defendants for the Same Thing Later?

No. Unless you exclude yourself from the Settlement Class, you give up any right to sue the Defendants or Defendants’ Related Persons for the Released Claims. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is March 14, 2017.

15. If I Exclude Myself, Can I Receive Money from the Settlement?

No. If you exclude yourself, do not send in a Claim Form.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firm of Wolf Haldenstein Adler Freeman and Herz LLP to represent you and other Settlement Class Members. These lawyers are called Lead Counsel. You will not be personally liable for the fees and expenses incurred by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys’ fees of up to thirty percent (30%) of the Settlement Fund and for expenses up to \$20,000 (including certain expenses incurred by a law firm assisting Lead Counsel in the Litigation), which were advanced in connection with the Litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Since the case began in 2014, Lead Counsel conducted an initial investigation of the claims alleged, prepared an extensive amended complaint and second amended complaint, filed briefs on numerous motions, prepared to conduct discovery in the United States and Hong Kong, consulted experts regarding calculation of damages, and negotiated an arm's-length settlement with the Settling Defendants. To date, Lead Counsel has not been paid for their services in conducting this Litigation on behalf of the Plaintiffs and the Settlement Class, nor for their expenses. Lead Counsel have expended to date more than 700 hours of attorney time in prosecuting the Settlement Class's claims and will ask the Court for actual time and expenses not to exceed \$297,500 in prosecuting the Litigation. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund.

Lead Counsel shall file formal motions with the District Court for approval of the Settlement and the Plan of Allocation, and to request payment of attorneys' fees and reimbursement of expenses, not later than February 17, 2017. The attorneys' fees motion will argue that Lead Counsel's requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court determines what counsel should receive from the Settlement Fund for fees and expenses, and may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You can state the reasons why you think the Court should not approve it, and the Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Kachun Wong v. Baker Tilly Hong Kong, Ltd.*, Case No. 14-cv-9959-CBM. Be sure to include your name; address; telephone number; signature; the number of shares of CNEP common stock you purchased and/or acquired between September 3, 2010, and March 14, 2012, inclusive (including date, price, and amount); and information about shares of CNEP common stock you sold during this time period, if any (including date, price, and amount). You must also state the reasons you object, whether you intend to appear at the Settlement Hearing, and identify any evidence you intend to present at the Settlement Hearing. The motions in support of the Settlement and the request for attorneys' fees will be filed no later than February 17, 2017, and they will be available from Lead Counsel, the Claims Administrator, or the Court. Their contact information is listed in Section 23, below. Any objection must be mailed or delivered such that it is received by each of the following no later than March 14, 2017:

<p><i>Court:</i> Clerk of the Court United States District Court 350 West 1st Street Los Angeles, CA 90012</p>	<p><i>Lead Counsel Designee:</i> Matthew M. Guiney Wolf Haldenstein Adler Freeman and Herz LLP 270 Madison Ave. New York, NY 10016</p>	<p><i>Settling Defendants' Counsel Designee:</i> Harry A. Woods, Jr. Crowe & Dunlevy The Braniff Building 324 North Robinson, Suite 100 Oklahoma City, OK 73102</p>
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THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

19. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a Settlement Hearing on April 4, 2017, at 10:00 a.m., before The Honorable Consuelo B. Marshall, at the United States Courthouse, 350 West 1st Street, Los Angeles, CA 90012. At this hearing the Court will consider whether both the Settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also consider how much to pay to Lead Counsel as fees and expenses reimbursement and whether to reimburse the Lead Plaintiffs for any of their expenses. The Court may decide these issues at the hearing or take them under consideration for a later decision.

20. Do I Have to Come to the Hearing?

No, unless you object to the proposed Settlement or any part of it, including the Plan of Allocation and the request for attorneys' fees. If you do not object, you do not need to attend, but you are welcome to do so at your own expense. You may also pay your own lawyer to attend, but it is not necessary. If you send an objection, you or your lawyer will be given an opportunity to be heard regarding your objection. If you object but do not appear at the Settlement Hearing, either in person or through counsel, the Court may or may not consider your objection.

21. May I Speak at the Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in *Kachun Wong v. Baker Tilly Hong Kong, Ltd.*, Case No. 14-cv-9959-CBM. Be sure to include your name, address, telephone number, your signature, and the number of shares of CNEP common stock purchased, acquired, and/or sold between September 3, 2010, and March 14, 2012, inclusive (include the date, price and amount). Your notice of intention to appear must be received no later than March 14, 2017 by the Clerk of the Court, Lead Counsel Designee and the Settling Defendants' Counsel Designee, at the three addresses listed in question 18.

IF YOU DO NOTHING

22. What Happens if I Do Nothing at All?

If you do nothing, all of your claims against the Settling Defendants will be released, but you will not receive any money from this Settlement because it is necessary to submit a Proof of Claim and Release form.

GETTING MORE INFORMATION

23. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation and Agreement of Settlement dated as of October 5, 2016. You can obtain a copy of the Stipulation and Agreement of Settlement or more information about the Settlement by contacting Lead Counsel:

Matthew M. Guiney
Wolf Haldenstein Adler Freeman and Herz LLP
270 Madison Ave., 11th Floor
New York, NY 10016

or the Claims Administrator:

Baker Tilly Hong Kong Limited Settlement
c/o Strategic Claims Services
600 N. Jackson Street, Suite 3
P.O. Box 230
Media, PA 19063
Tel: (866) 274-4004
Fax: (610) 565-7985

or by visiting www.strategicclaims.net

You can also obtain a copy from the Clerk's office during regular business hours:

Clerk of the Court
United States District Court
350 West 1st Street
Los Angeles, CA 90012

UNDERSTANDING YOUR PAYMENT

The Net Settlement Fund shall be distributed to Settlement Class Members who submit acceptable Proofs of Claim ("Authorized Claimants"). The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. The Recognized Loss formula is intended to equitably apportion the Net Settlement Fund among Settlement Class Members. The Recognized Loss formula, which is also known as the Plan of Allocation, is not an estimate of what a Settlement Class Member would have recovered after trial, nor is it the amount that the Authorized Claimant will be paid pursuant to the Settlement. This Plan of Allocation is based on the following general principles applicable to Settlement Class Members if the Litigation had gone to trial.

PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the parties, or another plan of allocation, without further notice to Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Claims Administrator's website, www.strategicclaims.net.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss. **Please Note:** The Recognized Loss formula, set forth below, is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds remaining in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss. If, however, Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total Recognized Losses of all Authorized Claimants (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No

distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any of the Net Settlement Fund remains by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 minimum check amount set forth in the Notice; (ii) second, to pay any additional Administrative Costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, and if any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, then any funds remaining in the Net Settlement Fund shall be donated to a non-profit 501(c)(3) organization(s) selected by Plaintiff's Lead Counsel.

THE BASIS FOR CALCULATING YOUR RECOGNIZED LOSS:

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants.

1) For shares of common stock purchased between September 3, 2010, and March 14, 2012, inclusive:

- a. For shares retained at the end of trading on March 14, 2012, the Recognized Loss shall be \$3.11 per share.
- b. For shares sold between September 3, 2010, and March 14, 2012, inclusive, the Recognized Loss shall be zero.

For purposes of calculating your Recognized Loss, the date of purchase, acquisition or sale is the "contract" or "trade" date and not the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of CNEP common stock shall not be deemed a purchase, acquisition or sale of CNEP common stock for the calculation of an Authorized Claimant's Recognized Loss. The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

For purposes of calculating your Recognized Loss, all purchases, acquisitions and sales shall be matched on a First-In, First-Out ("FIFO") basis in chronological order. Therefore, on the Proof of Claim enclosed with this Notice, you must provide all of your purchases, acquisitions and sales of CNEP common stock during the time period from September 3, 2010 and March 14, 2012, inclusive.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Class Members. No person shall have any claim against Defendants, Defendants' counsel, Plaintiff, Plaintiff's Counsel or the Claims Administrator or other agent designated by Plaintiff's Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's Proof of Claim Form. All persons

involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

Settlement Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim by the deadline for submitting claims will not share in the recovery, but nevertheless will be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Litigation. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any shares of CNEP common stock purchased or acquired between September 3, 2010, and March 14, 2012, inclusive, as nominee for a beneficial owner, then, within fourteen (14) days after you receive this Notice, you must either: (1) forward a copy of this Notice to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator, at the following address:

Baker Tilly Hong Kong Limited Settlement
c/o Strategic Claims Services
600 N. Jackson Street, Suite 3
Media, PA 19063
Tel: (866) 274-4004
Fax: (610) 565-7985

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

PROOF OF CLAIM AND RELEASE

Deadline for Submission: March 6, 2017

IF YOU PURCHASED THE COMMON STOCK OF CHINA NORTH EAST PETROLEUM HOLDINGS LIMITED (“CNEP”) BETWEEN SEPTEMBER 3, 2010, AND MARCH 14, 2012, INCLUSIVE (“CLASS PERIOD”), YOU MAY BE A “CLASS MEMBER” AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE (“PROOF OF CLAIM”) AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN MARCH 6, 2017 TO STRATEGIC CLAIMS SERVICES, THE CLAIMS ADMINISTRATOR, AT THE FOLLOWING ADDRESS:

Baker Tilly Hong Kong Limited Settlement
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063
Tel: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

YOUR FAILURE TO SUBMIT YOUR POSTMARKED CLAIM BY MARCH 6, 2017 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

CLAIMANT’S STATEMENT

1. I (we) purchased common stock in China North East Petroleum Holdings Limited (“CNEP”) and was (were) damaged thereby. (Do not submit this Proof of Claim if you did not purchase CNEP common stock during the designated Class Period).
2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Class Member(s), as defined above and in the Notice of Proposed Settlement of Class Action, Motion for Attorney’s Fees and Expenses, and Settlement Fairness Hearing (the “Notice”), or am (are) acting for such person(s); that I am (we are) not a Defendant in the Actions or anyone excluded from the Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; that I (we) elect to participate in the proposed Settlement described in the Notice; and that I (we) have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current

authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Litigation or Settlement in connection with processing of the Proof of Claim.
4. I (we) have set forth where requested below all relevant information with respect to each purchase of CNEP common stock during the period from September 3, 2010 to March 14, 2012, inclusive, and each sale, if any, of such securities. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.
5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each purchase, sale or retention of CNEP common stock listed below in support of my (our) claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)
6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your recognized claim. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives securities such as options.)
7. Upon the occurrence of the Court's approval of the Settlement, as detailed in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns) of each of the "Released Parties" of all "Released of Claims," as defined in the Settlement Agreement.
8. **NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants **MUST** submit a manually signed paper Proof of Claim form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 866-274-4004 or visit their website at www.strategicclaims.net to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

I. CLAIMANT INFORMATION

Name:		
Address:		
City:	State:	ZIP:
Foreign Province:	Foreign Country:	
Day Phone:	Evening Phone:	
Email:		
Social Security Number (for individuals):	OR	Taxpayer Identification Number (for estates, trusts, corporations, etc.):

II. SCHEDULE OF TRANSACTIONS IN CNEP COMMON STOCK**Beginning Holdings:**

- A. State the total number of shares of CNEP common stock owned at the close of trading on September 2, 2010, long or short (*must be documented*).

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Purchases:

- B. Separately list each and every open market purchase of CNEP common stock during the period from September 3, 2010, through March 14, 2012, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Purchased	Price per Share	Total Cost (Excluding Commissions, Taxes, and Fees)

Sales:

C. Separately list each and every sale of CNEP common stock during the period from September 3, 2010, through March 14, 2012, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Price per Share	Amount Received (Excluding Commissions, Taxes, and Fees)

Ending Holdings:

D. State the total number of shares of CNEP common stock owned at the close of trading on March 14, 2012, long or short (*must be documented*).

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If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

III. SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service (“I.R.S.”) requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals)	or	Taxpayer Identification Number (for estates, trusts, corporations, etc.)

IV. CERTIFICATION

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding, or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign):

(Signature)

(Signature)

(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)

Check here if proof of authority to file is enclosed.
(See Item 2 under Claimant's Statement)

Date: _____

THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN MARCH 6, 2017 AND MUST BE MAILED TO:

Baker Tilly Hong Kong Limited Settlement
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063
Tel: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by March 6, 2017 and if a postmark is indicated on the envelope and it is mailed first class and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

REMINDER CHECKLIST

- Please be sure to sign this Proof of Claim on page 18. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do NOT send any stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Proof of Claim or any supporting documents.
- If you move after submitting this Proof of Claim, please notify the Claims Administrator of the change in your address.