

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

<p>In re CHINA NATURAL GAS, INC.,</p> <p style="text-align:right">Debtor.</p>	<p>Chapter 7</p> <p>Case No. 13-10419 (SHL)</p> <p>Pending in the United States Bankruptcy Court for the Southern District of New York</p>
<p>ALAN NISSELSO, as Chapter 7 Trustee of the Estate of China Natural Gas, Inc., and HAITHAM J. KOUSA, ROBERT MALLANO, and RICK STEINMETZ, on behalf of themselves and all others similarly situated,</p> <p style="text-align:right">Plaintiffs,</p> <p style="text-align:center">vs.</p> <p>QINAN JI, ZHIQIANG WANG, LAWRENCE W. LEIGHTON, FRANK WAUNG, YANG XIANG DONG, and CHINA NATURAL GAS, INC.,</p> <p style="text-align:right">Defendants.</p>	<p>Civil Action No. 15-0299-RGA</p> <p>(Stockholder Action)</p>
<p>ROBERT SKEWAY AND RAIMUNDO JO-FUNG, Individually and On Behalf of All Others Similarly Situated,</p> <p style="text-align:right">Plaintiffs,</p> <p style="text-align:center">vs.</p> <p>CHINA NATURAL GAS, INC., QINAN JI, and DAVID SHE,</p> <p style="text-align:right">Defendants.</p>	<p>Civil Action No. 10 -728-RGA</p> <p>(Securities Action)</p>

JOINT NOTICE OF PENDENCY OF CLASS ACTIONS AND PROPOSED SETTLEMENTS

A Federal Court Authorized This Notice. This Is Not A Solicitation From A Lawyer.

To: All China Natural Gas, Inc. (“CHNG” or the “Company”) stockholders and their successors in interest and transferees, immediate and remote, who held CHNG stock as of April 30, 2012, (“Stockholder Class” or “Stockholder Class Members”) and all persons or entities who purchased or otherwise acquired the publicly traded common stock of CHNG between March 10, 2010 and September 21, 2011, inclusive, (“Securities Class” or “Securities Class Members”).

- Please read this notice carefully.
- If you wish to comment in favor of the Settlements or object to the Settlements, you must follow the directions in this Notice.
- You may be eligible to receive money from the Settlements of these Actions.
- Your legal rights may be affected by these Actions.

- **To receive money from one or both of the Settlements, you must submit a valid Proof of Claim and Release Form (“Claim Form”) postmarked on or before May 31, 2016.**
- **If you do not wish to participate in one of both of the Settlements, you may request to be excluded from one or both of the Settlements by sending a written request for exclusion, in accordance with the directions set forth in this Notice, that must be received on or before May 12, 2016.**

Notice of Settlements:

1. Please be advised that a proposed settlement (the “Stockholder Settlement”) has been reached by the parties in the above-captioned class action entitled *Nisselson v. Ji*, Civil Action No. 15-0299-RGA (“Stockholder Action”) pending in the United States District Court for the District of Delaware (the “Court”) for a total of \$1,400,000 in cash (the “Stockholder Settlement Fund”). Of this Settlement Fund, \$1,150,000 is the “Stockholder Settlement Amount” for the benefit of the Class. Upon the Court’s final approval of the Stockholder Settlement, and after deduction of Court-approved attorneys’ fees and expenses, notice and administration expenses, and taxes and tax expenses, the remainder will be available for distribution to Stockholder Class Members who submit a timely and valid Claim Form.

2. Please be advised that a proposed settlement (the “Securities Settlement”) has also been reached by the parties in the above-captioned class action entitled *Skeway v. China Natural Gas, Inc.*, Civil Action No. 10-cv-728 (“Securities Action”), also pending in the United States District Court for the District of Delaware, for a total of \$1,500,000 in cash (the “Securities Settlement Fund”). Upon the Court’s final approval of the Securities Settlement, and after deduction of Court-approved attorneys’ fees and expenses, notice and administration expenses, and taxes and tax expenses, the remainder will be available for distribution to Securities Class Members who submit a timely and valid Claim Form.

**YOU MAY BE ENTITLED TO A PAYMENT FROM ONE OR BOTH OF THE SETTLEMENTS
DEPENDING ON THE DATES YOU PURCHASED, HELD AND/OR SOLD STOCK IN CHINA
NATURAL GAS.**

The Court has preliminarily approved the Stockholder Settlement and the Securities Settlement (the “Settlements”). The terms and conditions of both the Stockholder Settlement and the Securities Settlement are set forth in the stipulations that pertain to each. Copies of both stipulations are available at www.strategicclaims.net. The Court has preliminarily certified the Stockholder Class for settlement purposes only. The Court has already certified a Class in the Securities Action. You have received this Notice because the parties’ records indicate that you may be a member of one or both of the classes. This Notice is designed to inform you of your rights, how you can submit a Claim Form, and how you can comment in favor of the Settlements or object to the Settlements. If the Settlements are finally approved by the Court, the Settlements will be binding upon you, unless you exclude yourself, even if you do not submit a Claim Form to obtain money from either of the two settlement funds and even if you object to the Settlements.

There will be a hearing on both of the Settlements (the “Settlement Hearing”) before the Honorable Richard G. Andrews, United States District Judge, on June 2, 2016, at 9:30 a.m., in Courtroom 6A of the United States Courthouse, J. Caleb Boggs Federal Building, located at 844 North King Street, Wilmington, Delaware 19801.

I. Your Legal Rights and Options in the Settlements

Submit a Claim Form Postmarked By May 31, 2016.	This is the only way to be eligible to get a payment in connection with one or both of the Settlements.
Exclude Yourself from One Or Both Of The Settlements by Submitting a Written Request Received No Later Than May 12, 2016.	If you exclude yourself from one or both of the classes, you will not be eligible to get any payment from either of the settlement funds. This is the only option that allows you to be part of any other lawsuit against any of the Defendants or the other Released Persons concerning the Released Claims (as defined below).
Object to One Or Both Settlements By Submitting a Written Objection so It Is Received No Later Than May 19, 2016.	If you do not like one or both of the proposed Settlements, the proposed Plans of Allocation, or the Fee and Expense Applications (as described further below), you may write to the Court and explain why you do not like them. You cannot object to the Settlements, the Plans of Allocation, or the Fee and Expense Applications unless you are a Stockholder Class Member or Securities Class Member and do not exclude yourself.
Go to the Settlement Hearing on June 2, 2016 and File A Notice of Intention To Appear No Later Than May 19, 2016.	Filing a written objection and notice of intention to appear allows you to speak in Court about the fairness of one or both of the Settlements, the Plans of Allocation, and/or the Fee and Expense Applications. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objection.
Do Nothing	If you are a member of one or both of the classes and you do not submit a Claim Form by May 31, 2016, you will not be eligible to receive any payment from the settlement fund in either the Stockholder Action or the Securities Action. You will, however, remain a member of the class or classes, which means that you give up your right to sue about the claims that are resolved by the Settlements and you will be bound by any judgments or orders entered by the Court pertaining to the class actions in the Actions.

II. Common Questions and Answers Concerning the Settlements

A. Why did I get this Notice?

This Notice is being sent to you pursuant to orders of the Court because you, someone in your family, or an investment account for which you serve as a custodian may have: (1) purchased CHNG stock on or before April 30, 2012 and held CHNG stock as of that date; and/or (2) purchased or otherwise acquired CHNG stock between March 10, 2010 and September 21, 2011, inclusive. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed Settlements. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlements and the Plans of Allocation (or some other plans of allocation), the Claims Administrator selected by Plaintiffs and approved by the Court will make payments pursuant to the Settlements and the Court-approved Plans of Allocation after any objections and appeals are resolved. This Notice is also being sent to inform you of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlements, the proposed Plans of Allocation, and the Fee and Expense Applications.

In a class action lawsuit, a court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once a class is certified, the presiding court must resolve all issues on behalf of the class members, except for any persons or entities who choose to exclude themselves from the class.

In the Stockholder Action, the Court appointed Plaintiffs Haitham J. Kousa, Robert Mallano, and Rick Steinmetz to serve as “Stockholder Class Representatives” under Rule 23 of the Federal Rules of Civil Procedure, and appointed Wohl & Fruchter LLP as “Stockholder Class Counsel.” The Court has preliminarily certified the Stockholder Action to proceed as a class action for settlement purposes only.

In the Securities Action, the Court appointed Plaintiffs Robert Skeway and Raimundo Jo-Fung to serve as “Securities Class Representatives” under Rule 23 of the Federal Rules of Civil Procedure, and appointed the Rosen Law Firm, P.A. as “Securities Class Counsel.” The Court has already certified the Securities Action as a class action.

This Notice does not express any opinion by the Court concerning the merits of any claim in the Stockholder Action or the Securities Action (the “Actions”), and the Court still has to decide whether to approve the Settlements. If the Court approves the Settlements and the Plans of Allocation, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing.

B. What are these lawsuits about?

1. The Stockholder Action

The Stockholder Action is known as *Nisselson v. Ji*, Civil Action No. 15 -0299-RGA, in the United States District Court for the District of Delaware.

The Stockholder Plaintiffs alleged that, as members of the Company’s board of directors, the Defendants (including Lawrence W. Leighton, Frank Waung, and Yang Xiang Dong), Zhiqiang Wang, and Qinan Ji breached their fiduciary duties to the Company and its shareholders. Specifically, the Stockholder Plaintiffs alleged that the Defendants, Wang, and Ji allowed Ji to engage in self-dealing transactions, including making related-party loans, and caused the Company to make false and misleading statements in its financial statements. The Stockholder Plaintiffs further allege that, as a result of the failure of the Defendants, Wang, and Ji to maintain adequate internal controls at the Company, the NASDAQ delisted CHNG’s securities on April 30, 2012. The Stockholder Plaintiffs initially filed a class action and derivative complaint in the Chancery Court of Delaware on May 22, 2012, seeking damages as a result of the delisting of CHNG stock on behalf of the Class (*Kousa v. Ji*, C.A. No. 7559-VCL (the “Chancery Court Action”).

On February 8, 2013, an involuntary petition for relief under chapter 11 of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), was filed against CHNG by certain of its creditors in the United States Bankruptcy Court for the Southern District of New York, Case No. 13-10419 (SHL) (the “Bankruptcy Case”). On July 9, 2013, the Bankruptcy Court entered an Order for Relief under the Bankruptcy Code.

On July 2, 2014, the Bankruptcy Court entered an Order converting the Bankruptcy Case to a case under chapter 7 of the Bankruptcy Code. On July 3, 2014, the United States Trustee appointed Alan Nisselson as interim trustee for the CHNG bankruptcy estate, who thereafter qualified as permanent trustee (the “Trustee”). On December 9, 2014, the Bankruptcy Court entered an Order granting the Trustee’s application to retain and employ Wohl & Fruchter LLP as special litigation counsel with respect to derivative claims asserted in the Chancery Court Action that were now the property of the CHNG bankruptcy estate.

On April 8, 2015, in light of the pending Bankruptcy Court proceedings, the Stockholder Plaintiffs voluntarily removed the Chancery Court Action to the District of Delaware.

2. The Securities Action

The Securities Action is known as *Skeway, et al. v. China Natural Gas, Inc., et al.*, Civil Action No. 10-728-RGA in the United States District Court for the District of Delaware.

The Securities Plaintiffs alleged that China Natural Gas, and its CEO Qinan Ji (“Ji”) engaged in illegal loans and related-party transactions that were not disclosed in the Company’s financial statements as required by generally accepted accounting principles (“GAAP”) and SEC regulations. The Securities Plaintiffs further allege that when the concealment of those loans and related party transactions came to light, CHNG’s share price declined as a result, causing harm to investors and leading to the eventual delisting of CHNG stock from the NASDAQ.

On February 8, 2013, an involuntary petition for relief under the Bankruptcy Code was filed against CHNG in the Bankruptcy Case. On July 9, 2013, the Bankruptcy Court entered an Order for Relief under the Bankruptcy Code.

The Securities Action against CHNG was automatically stayed pursuant to the Bankruptcy Code. The Securities Action continued on in the District Court as to Ji and the Company’s CFO, David She. On June 18, 2014, the District Court granted the Securities Plaintiffs’ Motion for Class Certification. On January 30, 2015, the District Court granted the Securities Plaintiffs’ motion for a default judgment against Defendant Ji in the amount of \$10.4 million. On April 28, 2015, the Bankruptcy Court granted the Securities Plaintiffs’ motion for an order modifying the automatic stay to permit the Securities Plaintiffs to continue with the Securities Class Action in the District Court against CHNG to the extent of the proceeds of a \$15 million Directors’ and Officers’ liability insurance policy procured by CHNG, which provides coverage for CHNG’s directors and officers, subject to various terms and limitations and under which the insurer raised certain defenses to limit or preclude coverage.

C. Why are there Settlements?

On July 9, 2015, the Settling Parties in both the Stockholder Action and the Securities Action attended a mediation with Jed D. Melnick, Esq. of JAMS, as the mediator. The mediation sessions in the Stockholder Action and the Securities Action were conducted separately. As a result of that mediation and subsequent negotiations, the Settling Parties in both the Stockholder Action and the Securities Action reached agreements to settle the respective Actions.

The respective defendants in both Actions deny each and all of the claims and contentions alleged by the Stockholder Plaintiffs, the Securities Plaintiffs and the Trustee. The Defendants expressly deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Stockholder Action and/or the Securities Action. The Defendants also deny, *inter alia*, any allegations that the Stockholder Plaintiffs, the Securities Plaintiffs, the Trustee, CHNG, the Securities Class or the Stockholder Settlement Class have suffered any damages.

Nonetheless, the Defendants have concluded that continued litigation of the Actions would be protracted and expensive, and that it is desirable that the Actions be fully and finally settled in the manner and upon the terms and conditions set forth in the respective Stipulations. The Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like these Actions. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the manner and upon the terms and conditions set forth in the respective Stipulations.

The Stockholder Plaintiffs, the Securities Plaintiffs, and the Trustee believe that the claims asserted in the respective Actions have merit and that the evidence developed to date supports the claims. Additionally, counsel for the Stockholder Plaintiffs and the Trustee and counsel for the Securities Plaintiffs have researched the applicable law with respect to their claims and believe they could successfully refute any defenses to their claims raised by the Defendants. However, the Stockholder Plaintiffs, the Stockholder Plaintiff's counsel, the Trustee, the Trustee's counsel and the Securities Plaintiffs and the Securities Plaintiffs' counsel all recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the respective Actions through trial and through appeals. The Stockholder Plaintiffs, Stockholder Plaintiffs' counsel, the Trustee, the Trustee's counsel and the Securities Plaintiffs and the Securities Plaintiffs' counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Actions, as well as the difficulties and delays inherent in such litigations. The Stockholder Plaintiffs, the Stockholder Plaintiffs' counsel, the Trustee, the Trustee's counsel, and the Securities Plaintiffs and the Securities Plaintiffs' counsel are also mindful of the inherent problems of proof and possible defenses to the claims asserted in the respective Actions and believe that the Settlements set forth in the respective Stipulations confer substantial benefits upon the CHNG estate and the Settlement Class (with respect to the Stockholder Action) and the Plaintiffs and the Securities Class (with respect to the Securities Action). Based on their respective evaluations, the Stockholder Plaintiffs, the Stockholder Plaintiff's counsel, the Trustee, the Trustee's counsel and the Securities Plaintiffs and the Securities Plaintiffs' counsel have determined that the respective Settlements set forth in the Stipulations are fair, reasonable, adequate and in the best interests of the Company, the Stockholder Settlement Class and the Securities Class.

D. What does the Stockholder Settlement provide?

It provides for a settlement of \$1,150,000 in cash for the benefit of the Stockholder Class, in which you might be a member. In addition, the Stockholder Settlement provides a \$250,000 cash payment to the Trustee (the "Trustee Settlement Amount"), which, upon court approval, will become property of the CHNG bankruptcy estate and will not be available for distribution to any Stockholder Class Members.

E. Joint Representation of the Stockholder Class and Trustee and Allocation of the Stockholder Settlement Fund

Prior to entering into joint representation of the Stockholder Class and the Trustee, Wohl & Fruchter and the Trustee considered whether a potential conflict of interest might arise from the joint representation. They concluded that no conflict would arise until such time as a recovery was to be allocated between the Trustee and Stockholder Class, and that this eventuality could be addressed by (1) allowing Wohl & Fruchter to represent solely the Stockholder Class in negotiations concerning allocation, and (2) ensuring that Wohl & Fruchter would not have an incentive to favor the Trustee by capping the firm's compensation from the Trustee at the percentage awarded on the Stockholder Class' recovery. Wohl & Fruchter further obtained informed consent from Stockholder Plaintiff Kousa. After the Stockholder Settlement was achieved, Wohl & Fruchter negotiated the allocation with separate

counsel for the Trustee, and determined that the agreed allocation is fair and reasonable to the Stockholder Class, taking into account the relative strengths of the respective claims.

F. What does the Securities Settlement provide?

It provides for a settlement of \$1,500,000 in cash for the benefit of the Securities Class, in which you might be a member.

The Securities Settlement represents an average recovery of \$.07 per share of CHNG common stock for the 21,458,654 shares outstanding as of September 21, 2011, the end of the Securities Class Period. A share may have been traded more than once during the Securities Class Period. This estimate solely reflects the average recovery per outstanding share of CHNG common stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Securities Class Members, the date(s) you purchased and sold CHNG stock, and the total number and amount of claims filed.

G. Am I included in the stockholder settlement?

You are included in the Stockholder Settlement if you were a CHNG stockholder or a CHNG stockholder's successor in interest, immediate or remote, on April 30, 2012.

Excluded from the Stockholder Settlement Class are the Defendants, Qinan Ji, and Zhiqiang Wang and any of their immediate family members. Also excluded from the Stockholder Settlement Class are those Persons who submit a valid request to be excluded from the Stockholder Settlement Class in accordance with the requirements set forth in this Notice.

H. Am I included in the securities settlement?

You are included in the Securities Settlement if you purchased or otherwise acquired the publicly traded common stock of CHNG between March 10, 2010 and September 21, 2011, inclusive.

Excluded from the Securities Settlement Class are CHNG, Qinan Ji and David She, members of Mr. Ji's and Mr. She's families, any entity Mr. Ji or Mr. She or CHNG have a controlling interest of, are a parent or subsidiary of, or which is controlled by CHNG, and the present or former officers, directors, employees, affiliates, legal representatives, heirs, predecessors, successors, and assigns of CHNG, Mr. Ji or Mr. She. Also excluded from the Securities Settlement Class are those Persons who submit a valid request to be excluded from the Securities Settlement Class in accordance with the requirements set forth in this Notice.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENTS. IF YOU ARE A CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENTS, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN MAY 31, 2016.

I. What might happen if there were no Settlements?

If there were no Settlements and the Plaintiffs failed to establish the essential legal or factual elements of their claims, neither the Plaintiffs nor the other members of the Classes would recover anything from the Defendants. Also, if the Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Classes likely would recover substantially less than the amount provided in the Settlements, or nothing at all.

J. What is the legal effect of the Settlements on my rights?

If you are a member of one or both of the Classes, the Settlements will affect you. If the Court grants final approval of the Settlements, the Actions will be dismissed with prejudice and all Class Members will fully release and discharge the Defendants from all claims for relief arising out of or based on Plaintiffs' allegations. When a Person "releases" claims that Person cannot sue the Defendants for any of the claims covered by the release. If you are a Class Member and you submit a valid and timely Claim Form, you will receive a payment based upon the distribution formulas described below.

K. What will I receive from the Stockholder Settlement?

At this time, it is not possible to make any determination as to how much a Stockholder Class Member may receive from the Stockholder Settlement.

Pursuant to the Stockholder Settlement, the Defendants have agreed to pay \$1,400,000 in cash (the “Settlement Fund”). Of this Settlement Fund, \$1,150,000 is the Stockholder Settlement Amount for the Class, and the remainder of \$250,000 (the Trustee Settlement Amount) will, upon court approval, become property of the CHNG bankruptcy estate. If the Settlement is approved by the Court, the “Net Stockholder Settlement Amount” (*i.e.*, the Stockholder Settlement Amount less (a) all federal, state, and local taxes on any income earned by the Stockholder Settlement Amount and the reasonable costs incurred in connection with determining the amount of and paying taxes owed on the Stockholder Settlement Amount (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing Notice to Stockholder Class Members and administering the Settlement on behalf of Stockholder Class Members; (c) any attorneys’ fees and expenses awarded by the Court; and (d) the escrow costs of maintaining the Stockholder Settlement Amount) will be distributed to Stockholder Class Members as set forth in the proposed Plan of Allocation, or such other plan as the Court may approve.

After approval of the Stockholder Settlement by the Court, and upon satisfaction of the other conditions to the Stockholder Settlement, the Net Stockholder Settlement Amount will be distributed to Authorized Claimants in accordance with the Plan of Allocation approved by the Court. The Net Stockholder Settlement Amount will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by *certiorari* or otherwise, has expired.

Neither the Defendants nor any other person that paid any portion of the Stockholder Settlement Amount is entitled to get back any portion of the Net Stockholder Settlement Amount once the Court’s Order and Final Judgment approving the Settlement becomes final. The Defendants will not have any liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Stockholder Settlement Amount or the Plan of Allocation.

Approval of the Stockholder Settlement is independent of approval of the Stockholder Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Stockholder Settlement, if approved.

L. What will I receive from the Securities Settlement?

At this time, it is not possible to make any determination as to how much a Securities Class Member may receive from the Securities Settlement.

Pursuant to the Securities Settlement, the Defendants have agreed to pay \$1,500,000 in cash (the “Securities Settlement Amount”). If the Settlement is approved by the Court, the “Net Securities Settlement Amount” (*i.e.*, the Securities Settlement Amount less (a) all federal, state, and local taxes on any income earned by the Securities Settlement Amount and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Securities Settlement Amount (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing Notice to Securities Class Members and administering the Securities Settlement on behalf of Securities Class Members; (c) any attorneys’ fees and expenses awarded by the Court; and (d) the escrow costs of maintaining the Securities Settlement Amount) will be distributed to Securities Class Members as set forth in the proposed Plan of Allocation, or such other plan as the Court may approve.

After approval of the Securities Settlement by the Court, and upon satisfaction of the other conditions to the Securities Settlement, the Net Securities Settlement Amount will be distributed to Authorized Claimants in accordance with the Plan of Allocation approved by the Court. The Net Securities Settlement Amount will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by *certiorari* or otherwise, has expired.

Neither the Defendants nor any other person that paid any portion of the Securities Settlement Amount is entitled to get back any portion of the Net Securities Settlement Amount once the Court’s Order and Final Judgment approving the Settlement becomes final. The Defendants will not have any liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Securities Settlement Amount or the Plan of Allocation.

Approval of the Securities Settlement is independent of approval of the Securities Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Securities Settlement, if approved.

Each Person wishing to participate in the distribution of one or both of the Settlements must timely submit a valid Claim Form establishing membership in one or both of the Classes, and including all required documentation, postmarked on or before May 31, 2016, to the address set forth in the Claim Form that accompanies this Notice.

Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked on or before May 31, 2016, shall be fully and forever barred from receiving payments pursuant to the Settlements, but will in all other respects remain a Class Member and be subject to the provisions of the Stipulations and Settlements that are approved, including the terms of any judgment entered and releases given.

The Court has reserved jurisdiction to allow, disallow, or adjust the Claim of any Class Member on equitable grounds.

Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form. Upon request of the Claims Administrator, each Person that submits a Claim Form shall subject his, her, or its Claim to investigation as to his, her, or its status as a Claimant and the allowable amount of his, her, or its Claim.

Persons that are excluded from one or both of the Classes by definition or that exclude themselves from one or both of the Classes will not be eligible to receive a distribution from the corresponding Net Settlement Amount(s) and should not submit a Claim Form.

M. What are the proposed Plans of Allocation for each of the Settlements?

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

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share as it relates to each of the Net Settlement Funds based upon each Authorized Claimant's recognized claim. **Please Note:** The recognized claim formulas, set forth below, are not intended to be an estimate of the amount a Securities Class Member or Stockholders Class Member might have been able to recover after trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to each of the Settlements. The recognized claim formulas are the bases upon which each of the Net Settlement Funds will be proportionately allocated to the Authorized Claimants.

If any funds remain in either of the Net Settlement Funds by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to cause Authorized Claimants who are entitled to participate in the distribution in each of the Net Settlement Funds to cash their distribution checks, then, with respect to each of the Net Settlement Funds separately, 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; (ii) second, to pay any additional Notice and Administration 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 such second distribution is not economically feasible, or if any funds remain in the Net Settlement Fund six (6) months after such second distribution, the remaining funds (after the Claims Administrator has made reasonable and diligent efforts to cause Authorized Claimants to cash their checks) shall be donated to a non-profit charitable organization(s) selected by Lead Counsel for the class intended to benefit from that Net Settlement Fund. The two Net Settlement Funds will at all times remain separate and not commingled, and each Lead Counsel will ensure that the funds in each Net Settlement Fund are maintained for the benefit of the class that each Lead Counsel represents.

Payment pursuant to the Plans of Allocation approved by the Court will be conclusive against all Authorized Claimants. No person will have any claim against the Defendants, the Defendants' counsel, Lead Plaintiffs, Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on distributions made substantially in accordance with the Stipulations and the Settlements contained therein, the Plans of Allocation, or further orders of the Court. Each claimant will be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's Claim Form. No person involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlements, or

otherwise involved in the administration or taxation of the Settlement Funds will be liable for any claim arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Funds, will be barred from making any further claim against either of the Net Settlement Funds beyond the amount allocated to them as provided in any distribution orders entered by the Court.

STOCKHOLDERS SETTLEMENT

THE BASIS FOR CALCULATING YOUR PAYMENT AMOUNT

The “Pro Rata Payment Amount” for each Authorized Claimant will be determined by dividing the Authorized Claimant’s total number of shares held as of April 30, 2012 by the total of all shares held as of April 30, 2012 by all Authorized Claimants, and multiplying that fraction by the total amount of the Stockholders Net Settlement Fund available for distribution. In order to participate in the Stockholder Settlement you must have held shares of CHNG stock as of April 30, 2012. 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).

SECURITIES SETTLEMENT

THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM

(I) **Recognized Claim for CHNG Stock Purchased or Otherwise Acquired During the Class Period (i.e., March 10, 2010 to September 21, 2011, inclusive) will be calculated as follows:**

- (A) For shares purchased or otherwise acquired during the Class Period and sold during the Class Period, the recognized claim per share will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below) less the inflation per share upon sale (as set forth in Inflation Table A below); or (2) the purchase price per share minus the sales price per share.
- (B) For shares purchased or otherwise acquired during the Class Period and retained as of the close of trading on September 21, 2011, the recognized claim will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below); or (2) the purchase price per share minus \$1.49¹ per share.

INFLATION TABLE A	
CHNG Common Stock Purchased or Acquired During the Class Period	
Period	Inflation
March 10, 2010 to August 15, 2010, inclusive	\$2.33 per share
August 16, 2010 to August 18, 2010, inclusive	\$2.10 per share
August 19, 2010	\$1.73 per share
August 20, 2010 to September 15, 2010, inclusive	\$1.54 per share
September 16, 2010	\$1.33 per share
September 17, 2010 to September 21, 2011, inclusive	\$.78 per share

To the extent there are sufficient funds in the Securities Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s recognized claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total recognized claim of each Authorized Claimant, then each Authorized Claimant will be paid the percentage of the Net Settlement Fund that corresponds to the ratio of that Authorized Claimant’s recognized claim to the total recognized claims of all Authorized Claimants (i.e., a “pro rata share”). Payment in this manner will 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.

¹ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” CHNG common stock was suspended from trading on NASDAQ from September 21, 2011 to March 7, 2012. \$1.49 per share was the mean (average) daily closing trading price of CHNG’s common stock during the 90-day period beginning on March 8, 2012 and ending on June 5, 2012.

If a claimant had a trading gain or “broke even” from his, her or its overall transactions in CHNG shares during the Class Period, the value of the claimant’s recognized claim will be zero and the claimant will not be entitled to a share of the Net Settlement Fund. If a claimant suffered a trading loss on his, her or its overall transactions in CHNG shares during the Class Period, but that trading loss was less than the recognized claim calculated above, then the recognized claim will be limited to the amount of the claimant’s actual trading loss.

For purposes of calculating your recognized claim, 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 CHNG shares will not be deemed a purchase, acquisition or sale of CHNG shares for the calculation of an Authorized Claimant’s recognized claim. The covering purchase of a short sale is not an eligible purchase.

For purposes of calculating your recognized claim, all purchases, acquisitions and sales will 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 CHNG shares during the time period March 10, 2010 through and including September 21, 2011.

N. Can I decide to opt out of the Stockholder Settlement?

Yes. If you do not wish to be included in the Stockholder Class and you do not wish to participate in the Stockholder Settlement, you may request to be excluded. To do so, you must submit a written request for exclusion that must be signed by you or your authorized representative and received on or before May 12, 2016. You must set forth: (a) the name, address, and telephone number of the person or entity requesting exclusion; (b) the number of shares of CHNG stock held by the person or entity as of April 30, 2012, supported by brokerage documentation; and (c) a statement that the person or entity wishes to be excluded from the Stockholder Class.

The exclusion request must be mailed to *both*:

China Natural Gas, Inc.
Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 North Jackson Street, Suite 3
Media, Pennsylvania 19063

and

Ethan D. Wohl, Esq.
Wohl & Fruchter LLP
570 Lexington Avenue, 16th Floor
New York, New York 10022

You cannot exclude yourself by telephone or by email. If you ask to be excluded from the Stockholder Settlement, you cannot object to the Stockholder Settlement and you will not receive payment from the Stockholder Settlement Amount. You also will not be legally bound by anything that happens in the Stockholder Action. You may exclude yourself from the Stockholder Settlement even if you choose not to exclude yourself from the Securities Settlement.

O. Can I decide to opt out of the Securities Settlement?

Yes. If you do not wish to be included in the Securities Class and you do not wish to participate in the Securities Settlement, you may request to be excluded. To do so, you must submit a written request for exclusion that must be signed by you or your authorized representative and received on or before May 12, 2016. You must set forth: (a) the name, address, and telephone number of the person or entity requesting exclusion; (b) the number of shares of CHNG stock purchased and sold by the person between March 10, 2010 and September 21, 2011, inclusive, supported by brokerage documentation showing the dates, the number of shares of CHNG stock purchased/sold, and prices paid/received for each transaction excluding commissions, fees, and taxes; and (c) a statement that the person or entity wishes to be excluded from the Securities Class.

The exclusion request must be mailed to *both*:

China Natural Gas, Inc.
Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 North Jackson Street, Suite 3
Media, Pennsylvania 19063

and

Laurence M. Rosen, Esq.
The Rosen Law Firm, P.A.
275 Madison Avenue, 34th Floor
New York, New York 10016

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded from the Securities Settlement, you cannot object to the Securities Settlement, and will not receive a payment from the Securities Settlement Amount. You also will not be legally bound by anything that happens in the Securities Action. You may

exclude yourself from the Securities Settlement even if you choose not to exclude yourself from the Stockholder Settlement.

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.

For each Action in which you make a timely and valid request for exclusion, (a) you will be excluded from that class, (b) you will not share in the proceeds of that settlement, (c) you will not be bound by any judgment entered in the case and (d) you will not be precluded, by reason of your decision to request exclusion from otherwise prosecuting an individual claim, if timely, against the Defendants based on the matters complained of in the litigation(s). In each Action, the Defendants or their insurers may withdraw from and terminate the Settlement if Class Members who held in excess of a certain number of CHNG shares exclude themselves from the Class in that Settlement.

P. What are the Stockholder Plaintiffs' Counsel's fees and costs?

At the Settlement Hearing, counsel for the Stockholder Plaintiffs' will request that the Court award attorneys' fees of 25% of the Stockholder Settlement Amount, plus expenses (exclusive of administration costs) not to exceed \$40,000, which were incurred in connection with the litigation of the Stockholder Action, to be paid from the Stockholder Settlement Amount. In addition, Plaintiffs Kousa, Mallano, and Steinmetz will apply to the Court for approval of service awards in the aggregate amount of up to \$10,000, to be paid out of the award of attorneys' fees and expenses, in recognition of their participation and efforts in the prosecution of the Stockholder Action.

To date, counsel for Plaintiffs in the Stockholder Action have not received any payment for their services in prosecuting this Action, nor have counsel been reimbursed for their substantial expenses. The fees requested by counsel for the Stockholder Plaintiffs will compensate counsel for their efforts in achieving the Stockholder Settlement Amount for the benefit of the Stockholder Class and the CHNG bankruptcy estate, and for their risks in undertaking this representation on a wholly contingent basis.

Q. What are the Securities Plaintiffs' Counsel's fees and costs?

At the Settlement Hearing, counsel for the Securities Plaintiffs will request that the Court award attorneys' fees of one third (33.3%) of the Securities Settlement Amount, plus expenses (exclusive of administration costs) not to exceed \$125,000, which were incurred in connection with the litigation of the Action, to be paid from the Securities Settlement Amount (the "Fee and Expense Application"). In addition, Plaintiffs Skeway and Jo-Fung will apply to the Court for approval of service awards in the aggregate amount of up to \$10,000 in recognition of their participation and efforts in the prosecution of the Securities Action.

To date, counsel for the Securities Plaintiffs have not received any payment for their services in prosecuting the Securities Action, nor have the Securities Plaintiffs' counsel been reimbursed for their substantial expenses. The fees requested by counsel for the Securities Plaintiffs will compensate counsel for their efforts in achieving the Securities Settlement Amount for the benefit of the Securities Class, and for their risks in undertaking this representation on a wholly-contingent basis.

III. Class Members' Opportunity to Comment on the Settlements

A. How can I object to the Stockholder Settlement, Plan of Allocation, and Fee and Expense Application?

If you held CHNG shares as of April 30, 2012 and are therefore a member of the Stockholder Settlement Class (as defined above), you may object to the Stockholder Settlement. If you wish to object to the Stockholder Settlement, Plan of Allocation, and/or the Fee and Expense Application, you may submit a written statement of the objection. Your written objection should include all reasons for the objection. The objection must also include your name, address, telephone number, and the number of shares of CHNG stock you held as of April 30, 2012, as well as proof of your ownership of such CHNG stock.

To be considered, your written objection and copies of any papers and briefs must be filed with the Clerk of the United States District Court for the District of Delaware, the United States Courthouse, J. Caleb Boggs Federal Building, 844 North King Street, Wilmington, Delaware 19801, and must be received by the law firms listed below no later than May 19, 2016:

Ethan D. Wohl, Esq.
Wohl & Fruchter LLP
570 Lexington Avenue, 16th Floor
New York, New York 10022
Telephone: (212) 758-4097
Facsimile: (212) 758-4004

Richard C. Schoenstein, Esq.
Satterlee Stephens Burke & Burke LLP
230 Park Avenue
New York, New York 10169
Telephone: (212) 818-9200
Facsimile: (212) 818-9606

Theodore A. Kittila, Esq.
Greenhill Law Group, LLC
1000 N. West Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 414-0510
Facsimile: (302) 595-9346

Barry M. Klayman, Esq.
Cozen O'Connor
1201 North Market Street, Suite 1001
Wilmington, Delaware 19801
Telephone: (302) 295-2035
Facsimile: (215) 701-2209

Tammy Yuen, Esq.
Skarzynski Black LLC
One Battery Park Plaza, 32nd Floor
New York, New York 10004
Telephone: (212) 820-7700
Facsimile: (212) 820-7740

B. How can I object to the Securities Settlement, Plan of Allocation, and Fee and Expense Application?

If you purchased or acquired CHNG stock between March 10, 2010 and September 21, 2011, inclusive, and are therefore a member of the Securities Class (as defined above) you may object to the Securities Settlement. If you wish to object to the Securities Settlement, Plan of Allocation, and/or the Fee and Expense Application, you may submit a written statement of the objection. Your written objection should include all reasons for the objection. The objection must also include your name, address, telephone number, and your purchases and sales of CHNG stock between March 10, 2010 and September 21, 2011, as well as proof of your transactions of such CHNG stock.

To be considered, your written objection and copies of any papers and briefs must be filed with the Clerk of the United States District Court for the District of Delaware, the United States Courthouse, J. Caleb Boggs Federal Building, 844 North King Street, Wilmington, Delaware 19801, and must be received by the law firms listed below no later than May 19, 2016:

Laurence M. Rosen, Esq.
The Rosen Law Firm P.A.
275 Madison Avenue, 34th Floor
New York, New York 10016

Jerome S. Fortinsky, Esq.
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022

You may file a written objection to one or both of the Settlements without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you have first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

If you file an objection to one or both of the Settlements, Plans of Allocation, and/or the Fee and Expense Applications you also have a right to appear at the Settlement Hearing either in person or through counsel hired by you at your own expense. If you wish to be heard orally at the hearing in opposition to the approval of one or both of the Settlements, Plans of Allocation, or the Fee and Expense Applications, and if you file and serve a timely written objection(s) as described above, you must also file a notice of appearance with your objection(s). Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection(s) or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce in evidence at the hearing.

Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlements, the proposed Plans of Allocation and Counsel's Fee and Expense Applications.

C. What rights am I giving up by remaining in the Stockholder Class?

Unless you exclude yourself, you will remain in the Stockholder Class. That means that if the Stockholder Settlement is approved, you and all Stockholder Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against all Released Persons, including the Trustee, the Defendants, Ji, Wang, XL Insurance Company Limited (“XL”), and their current and former agents, employees, officers, directors, partners, members, representatives, heirs, insurers, reinsurers, attorneys, advisors, subsidiaries, parents, affiliates, predecessors, successors and assigns, in connection with the allegations contained in the Stockholder Action and any matter that could have been asserted in the Stockholder Action regarding breaches of fiduciary duty, except that you do not release the Released Persons from any claim or action to enforce the Stockholder Settlement. It also means that all of the Court’s orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a “Release of Claims,” which will bar you from ever filing a lawsuit against any Released Person to recover losses from the conduct alleged in the Stockholder Action, except to enforce the Stockholder Settlement.

D. What rights am I giving up by remaining in the Securities Class?

Unless you exclude yourself, you will remain in the Securities Class. That means that if the Securities Settlement is approved, you and all Securities Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against Qinan Ji, David She, China Natural Gas, and XL and their current and former agents, employees, officers, directors, partners, members, representatives, heirs, insurers, reinsurers, attorneys, advisors, subsidiaries, parents, affiliates, predecessors, successors and assigns, including the Trustee and his attorneys (“Released Persons”) in connection with your acquisition or sale of CHNG common stock during the Securities Class Period, except that you do not release the Released Persons from any claim or action to enforce the Securities Settlement. It also means that all of the Court’s orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a “Release of Claims,” which will bar you from ever filing a lawsuit against any Released Person to recover losses from the acquisition or sale of CHNG common stock during the Securities Class Period, except to enforce the Securities Settlement.

IV. SETTLEMENT HEARING

The Court will hold a Settlement Hearing on June 2, 2016, at 9:30 a.m., at Courtroom 6A of the United States Courthouse, J. Caleb Boggs Federal Building, located at 844 North King Street, Wilmington, Delaware 19801, to determine whether the Settlements should be finally approved as fair, reasonable, and adequate.

The Court will also be asked to approve the proposed Plans of Allocation and the Fee and Expense Applications. The Court may adjourn or continue the Settlement Hearing without further notice to the Classes. If you intend to attend the Settlement Hearing, you should confirm the date and time with Plaintiffs’ Counsel.

Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions in this Notice even if the Class Member does not attend the hearing. You can participate in the Settlements without attending the Settlement Hearing. You are not obligated to attend the Settlement Hearing.

V. GETTING MORE INFORMATION

This Notice is a summary and does not describe all of the details of the Stipulations. For precise terms and conditions of the Settlements, you may review the Stipulations filed with the Court, as well as the other pleadings and records of this litigation, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court for the District of Delaware, located at the J. Caleb Boggs Federal Building, 844 North King Street, Wilmington, Delaware 19801. Additionally, the Stipulations, this Notice and certain other settlement-related documents may be examined at <http://www.strategicclaims.net>. Class Members without access to the Internet may be able to review these documents online at locations such as a public library.

If you have any questions about the settlements of one or both of the Actions, you may contact counsel for the Stockholder Plaintiffs and/or counsel for the Securities Plaintiffs:

Ethan D. Wohl, Esq.
Wohl & Fruchter LLP
570 Lexington Avenue, 16th Floor
New York, New York 10022
Telephone: (212) 758-4000

(Counsel for the Stockholder Plaintiffs and the Trustee)

Laurence M. Rosen, Esq.
The Rosen Law Firm, PA
275 Madison Avenue, 34th Floor
New York, New York 10016
Telephone: (212) 686-1060

(Securities Plaintiffs' Counsel)

You may also contact the Claims Administrator at:

China Natural Gas, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 North Jackson Street, Suite 3
Media, PA 19063
Tel.: (866) 274-4004
Fax: (610) 565-7985

PLEASE DO NOT TELEPHONE THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.

Dated: March 8, 2016

BY ORDER OF THE COURT,
UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF DELAWARE