



Edgar Filing: China Natural Gas, Inc. - Form 8-K/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Explanatory Note

**This Amendment No. 2 on Form 8-K/A (the “Amendment No. 2”) amends the Current Report on Form 8-K/A (the “Amendment No. 1”) of China Natural Gas, Inc. (the “Company”) filed with the Securities and Exchange Commission on June 13, 2012. The Company is filing this Amendment No. 2 (1) to clarify and correct certain information regarding the Company’s engagement of Sherb & Co., LLP and (2) to include disclosure required in Item 304(a)(1)(iv) of Regulation S-K with respect to Sherb & Co., LLP. Except as set forth above, Amendment No. 1 is not modified in any other material respect.**

### **Item 4.01                    Changes In Registrant's Certifying Accountant**

Effective as of April 20, 2012 the Company dismissed Friedman LLP (“Friedman”), the Company's independent registered public accounting firm.

Friedman reported on the Company's consolidated financial statements for the years ending December 31, 2011 and 2010. For these periods and up to April 20, 2012, there were no disagreements with Friedman on any matter of accounting principle or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Friedman, would have caused it to make reference thereto in its report on the financial statements for such years. During such years, there were no reportable events within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

The reports of Friedman on the financial statements of the Company for the fiscal years ended December 31, 2011 and 2010 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

The Company has provided Friedman with a copy of the foregoing disclosure and requested that Friedman provide the Company with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements made by the Company in response to this item. A copy of such letter, dated May 14, 2012, is filed as Exhibit 16.1 to this Current Report on Form 8-K.

In its Current Report on Form 8-K filed with the Securities and Exchange Commission on May 15, 2012, the Company disclosed, among other things, that it had engaged Sherb & Co., LLP (“Sherb & Co.”) to serve as its new independent registered public accounting firm. To clarify the circumstances relating to this engagement, the Company would like to note the following:

The Company countersigned the April 10, 2012 engagement letter provided by Sherb & Co. on April 21, 2012. Subsequently, the Company reexecuted the engagement letter on May 11, 2012. However, the Sherb & Co. engagement was not approved by the Audit Committee of the Company's Board of Directors (the "Audit Committee") until May 16, 2012, i.e. one day after the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 (the "10-Q") was filed. After receipt of a retainer payment by the Company on May 4, 2012, the Company provided all of the information and representations that Sherb & Co. requested of it and Sherb & Co. thereafter notified the Company in writing that Sherb & Co. had no additional comments and that the Company could prepare the 10-Q for filing. Following the filing of the 10-Q Sherb & Co. notified the Company that it did not complete its review and was not in a position to provide a formal approval for the 10-Q filing because, as per Sherb & Co., it had not been formally engaged by the Audit Committee at the time of the 10-Q filing. Therefore, the 10-Q was filed without review by a formally engaged independent registered public accounting firm.

From April 10, 2012 to the date of Sherb & Co., departure, there were no disagreements with Sherb & Co. on any matter of accounting principle or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Friedman, would have caused it to make reference thereto in its report on the financial statements for such period. During such period, there were no reportable events within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

The Company has provided Sherb & Co. with a copy of the foregoing disclosure and requested that Sherb & Co. provide the Company with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements made by the Company in response to this item. As of the date of this Current Report on Form 8-K/A, the Company has not received such letter from Sherb & Co. The Company will promptly file such letter when it receives it from Sherb & Co. by amendment.

The Company has engaged WWC, P.C. Certified Public Accountants ("WWC") to assume the role of its new independent registered public accounting firm. The engagement was approved by the Audit Committee on June 7, 2012 and the Audit Committee executed a binding engagement letter on the same day.

During the fiscal years ended December 31, 2011 and 2010 and through June 7, 2012, the Company did not consult with WWC on (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that may be rendered on the Company's financial statements, and WWC did not provide either in a written report or oral advice to the Company that was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue; or (ii) the subject of any disagreement, as defined in Item 304 (a)(1)(v) of Regulation S-K and the related instructions, or a reportable event within the meaning set forth in Item 304 (a)(1)(V) of Regulation S-K.

Following the engagement, WWC will begin reviewing the 10-Q and if necessary, the Company will file an amendment to the 10-Q.

**Item 9.01                    Financial Statements and Exhibits.**

16.1 Letter from Friedman LLP dated May 14, 2012 to the Securities and Exchange Commission (previously filed as an Exhibit to the May 15, 2012 Current Report on Form 8-K and incorporated by reference herein)

