

Ji Qinan  
 Form 4  
 November 23, 2010

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Ji Qinan

(Last) (First) (Middle)

19TH FLOOR, BUILDING B, VAN METROPOLIS,, NO. 35 TANG YAN ROAD, HI-TECH ZONE

(Street)

XI'AN, SHAANXI PROVINCE,, F4 710065

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 China Natural Gas, Inc. [CHNG]

3. Date of Earliest Transaction (Month/Day/Year)  
 09/22/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common stock <sup>(1)</sup>				(A) or (D)	Price		See Footnote <sup>(3)</sup>
Common stock	05/20/2010		M	36,500 A	\$ 4.9	1,564,616 <sup>(2)</sup>	D
Common stock	08/10/2010		S	36,500 D	\$ 7.0305 <sup>(4)</sup>	1,528,116	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Underlying Security (Instr. 3 and 4)
					Code	V	(A)	(D)	
Call Options (obligation to sell) <sup>(5)</sup>	\$ 16	09/22/2007		S		50,000		<sup>(6)</sup> 06/01/2012	Common Stock
Employee Stock Option (right to buy) <sup>(1)</sup>	\$ 4.9	04/01/2009		A		146,000		<sup>(7)</sup> 04/01/2015	Common Stock
Employee Stock Option (right to buy)	\$ 4.9	05/20/2010		M		36,500	04/01/2010	04/01/2015	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Ji Qinan 19TH FLOOR, BUILDING B, VAN METROPOLIS, NO. 35 TANG YAN ROAD, HI-TECH ZONE XI'AN, SHAANXI PROVINCE,, F4 710065	X	X	Chief Executive Officer	

## Signatures

/s/ Qinan Ji 11/23/2010

                      
\*\*Signature of  
Reporting Person

\_\_\_\_\_  
Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) China Natural Gas, Inc. effected a 1 for 2 reverse stock split on April 28, 2009. Figures listed herein reflect the April 28, 2009 reverse stock split.
- On December 9, 2005, China Natural Gas, Inc. declared a stock dividend, payable to holders of record of common stock on December 15, 2005, of three shares of common stock for one share of common stock outstanding. As a result, Qinan Ji received 1,146,087 shares of common stock on December 19, 2005. Xi'an Sunway Technology & Industry Co., Ltd. ("Xi'an Sunway"), a company formed under the laws of the People's Republic of China, and in which Mr. Ji owns 42.1% of the outstanding equity, received 1,078,262 shares of common stock on December 19, 2005.
- (2) Qinan Ji shares voting and investment power over 1,437,682 shares of common stock that are directly owned of record by Xi'an Sunway, due to Mr. Ji's ownership of 42.1% of the outstanding equity of Xi'an Sunway. Mr. Ji disclaims any beneficial ownership in the 1,437,682 shares of common stock that are directly owned of record by Xi'an Sunway Technology & Industry Co., Ltd., except to the extent of his pecuniary interest therein.
- (3) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$7.00 to \$7.08, inclusive. Qinan Ji undertakes to provide to China Natural Gas, Inc., any security holder of China Natural Gas, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote (4) to this Form 4.
- (4) On September 22, 2007, Qinan Ji wrote covered calls on 50,000 of his personally-owned shares of common stock of China Natural Gas, Inc. As of the date of this Form 4, none of these covered calls have been exercised.
- (5) 30% of the options vested on September 22, 2008, 30% vested on September 22, 2009 and the remaining 40% vested on September 22, 2010.
- (6) The options vest in four equal installments. The first installment vested on April 1, 2010, and the remaining installments will vest annually thereafter.
- (7)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.