

CHINA CENTRAL GOVERNMENT LIKELY TO CONTROL CHX

- ❖ On Feb 5, 2016, Chongqing Casin Enterprise Group ("Casin") announced that it would be acquiring the Chicago Stock Exchange ("CHX"), purportedly through the wholly owned subsidiary North America Casin Group, Inc. ("NA Casin Group"), touting Casin as a "diversified holding company."¹
- ❖ Casin however has already pledged its own prospective ownership in CHX to one of China's 12 national commercial banks, the HengFeng "Ever-growing" Bank², by trading its own corporate stock as collateral for cash to run: (1) *Beijing Casin Investment Holdings Co., Ltd.* ("Casin Holdings") and; (2) *Casin Guoxing Property Development Co., Ltd.* (Shenzhen Stock Exchange Code 000838) ("Casin Development"). Both companies are operated by Casin out of adjoining office space in downtown Beijing.
- ❖ Casin Holdings was reported to shareholders of the CHX as the entity that would buy the CHX on behalf of Casin. Recently, this entity has been more accurately revealed to be *Chongqing Huan Yi Investment Co.*, a parent to NA Casin Group and wholly owned subsidiary of Casin. The affiliation of "Huan Yi" was only disclosed as an affiliate of the "Casin Group" in CHX's August 7th, 2017 amended rule filing.³
- ❖ Proof of Casin's common operation of (Casin Beijing Investment Holdings Co., Ltd. A/K/A Chongqing Huan Yi Investment Co.) and Casin Guoxing Property Development Co., Ltd. is publically available from China's online government database, the *See Figure 1* and *Figure 2* below, showing the offices of Casin's two subsidiaries as operating literally one door down the hall from each other at No. 91 Jianguo Road, Chaoyang Dist Beijing, 100022 China, Block 8 - in suites 2801-2807 and 2808, respectively. (*translation added*).

Figure 1 - Beijing Casin Investment Holdings Ltd. Government Registration

Street address: 91 Jianguo Rd., Block 8, Suite 2801-2807

国家企业信用信息公示系统
National Enterprise Credit Information Publicity System

北京财信投资控股有限公司 开业

统一社会信用代码：91110000584453117K

法定代表人：邓涛

登记机关：北京市工商行政管理局朝阳分局

成立日期：2011年10月10日

发送报告

信息分享

信息打印

基础信息 | 行政许可信息 | 行政处罚信息 | 列入经营异常名录信息 | 列入严重违法失信企业名单(黑名单)信息

■ 营业执照信息

统一社会信用代码：91110000584453117K

企业类型：有限责任公司(法人独资)

注册资本：200000.000000万人民币

营业期限自：2011年10月10日

登记机关：北京市工商行政管理局朝阳分局

登记状态：开业

住所：北京市朝阳区建国路91号院8号楼28层2801-2807单元

企业名称：北京财信投资控股有限公司

法定代表人：邓涛

成立日期：2011年10月10日

营业期限至：2031年10月09日

核准日期：2017年06月05日

Building No. 91 - Floor. 8 - Suite 2801-2807

经营范围：项目投资；投资管理；投资咨询。（“1、未经有关部门批准，不得以公开方式募集资金；2、不得公开开展证券类产品和金融衍生品交易活动；3、不得发放贷款；4、不得对所投资企业以外的其他企业提供担保；5、不得向投资者承诺投资本金不受损失或者承诺最低收益”；企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

² See Caixin Finance: "Hengfeng Bank Shaken by Management Feuds, Regulatory Inquiries."

<http://www.caixinglobal.com/2016-11-22/101009986.html>

³ Chicago Stock Exchange Amendment to SEC Rule Application to Allow Casin Acquisition, CHX-2016-20, pg. 256 of 668 (Schedule 1) (http://www.chx.com/posts/rule-filings/ProposedFilings/CHX-2016-20_amendment1.pdf) (8/7/2017).

Figure 2 - Casin Guoxing Property Development Co., Ltd.
 Street address: 91 Jianguo Rd., Block 8, Suite 2808



财信国兴地产发展股份有限公司 开业

统一社会信用代码：911100002051092291
 法定代表人：唐昌明
 登记机关：北京市工商行政管理局
 成立日期：1996年10月29日

发送报告

信息分享

信息打印

基础信息

行政许可信息

行政处罚信息

列入经营异常名录信息

列入严重违法失信企业名单（黑名单）信息

营业执照信息

统一社会信用代码：911100002051092291
 类型：其他股份有限公司(上市)
 注册资本：110046.217000万人民币
 营业期限自：1996年10月29日
 登记机关：北京市工商行政管理局
 登记状态：开业

企业名称：财信国兴地产发展股份有限公司
 法定代表人：唐昌明
 成立日期：1996年10月29日
 营业期限至：
 核准日期：2017年04月14日

住所：北京市朝阳区建国路91号院8号楼28层2808单元

Building No. 91 - Floor. 8 - Suite 2808

经营范围：房地产开发；销售自行开发的商品房。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

发起人及出资信息

发起人及出资信息截止2014年2月28日。2014年2月28日之后工商只公示发起人姓名，其他出资信息由企业自行公示。

❖ Proof of Casin and its Chairman Shengju Lu's ownership of, and thus common liability with, Casin Development is also available from the same public Chinese government database, and NA Casin CEO, Yong Xiao, who credited Casin and Shenju Lu specifically as the owner of Casin Development in his own comment letter to the SEC, pictured below to the left and right, respectively (*translation added*)⁴:

财信国兴地产发展股份有限公司	Casin Development (Shenzhen Exch. No. 000838)	详情
重庆财信房地产开发有限公司(十大股东)	股比:59.65% 认缴金额:- Casin Real Estate Holdings	详情
重庆财信企业集团有限公司(工商股东)	股比:100% 认缴金额:- Chongqing Casin Enterprise Group (Casin)	详情
卢生举(工商股东)	股比:74.36% 认缴金额:11153.92 Shengju Lu	
重庆恒宜投资有限责任公司(工商股东)	股比:25.64% 认缴金额:3846.08 Chongqing Huan Yi Investment Co.	
李逸微(十大股东)	股比:0.36% 认缴金额:- Likely Casin Affiliate	
翟淑萍(十大股东)	股比:0.27% 认缴金额:- Likely Casin Affiliate	
华润深国投信托有限公司-黄河9...(十大股东)	股比:0.18% 认缴金额:- Likely Casin Affiliate	情
蒋文涛(十大股东)	股比:0.17% 认缴金额:- Likely Casin Affiliate	

Chongqing Casin also has developed valuable mixed use property consisting of a five-star hotel, an IMAX cinema, restaurants, sports and leisure shops in Chongqing's *jiangbeizui* Central Business District.

Casin Real Estate Development Co. Ltd was founded in 1996, and it has the First Grade Real Estate Development Qualification and Property Management Qualification. It has developed projects in Beijing, Zhengzhou and Chongqing in China. It is the controlling shareholder (59.65% ownership) of Casin Development (Code: 000838), a public company on China's A share market (market cap: approximately \$1.3 billion).

Casin Property Management Co. Ltd manages a total of 30 million square feet of residential and commercial space and serves more than 100,000 residents.

To summarize, Chongqing Casin is a large, well-known and highly successful company in China. Mr. Lu is its Chairman, founder and controlling stockholder. Anyone wanting to learn more about Chongqing Casin is encouraged to review our website at <http://www.cqcasin.com>.

⁴ See [SEC Comment Letter Submitted by President of North America Casin Holdings, Inc.](#), at *4 March 1, 2017.

❖ The below publically available information from Chinese government database also:

(1) shows that Casin's chairman, ShengJu Lu personally collateralized hundreds of millions of dollars with his own stock in Casin Development with Chinese Government controlled HengFeng "Ever-growing" Bank⁵ (*translation added*), and;

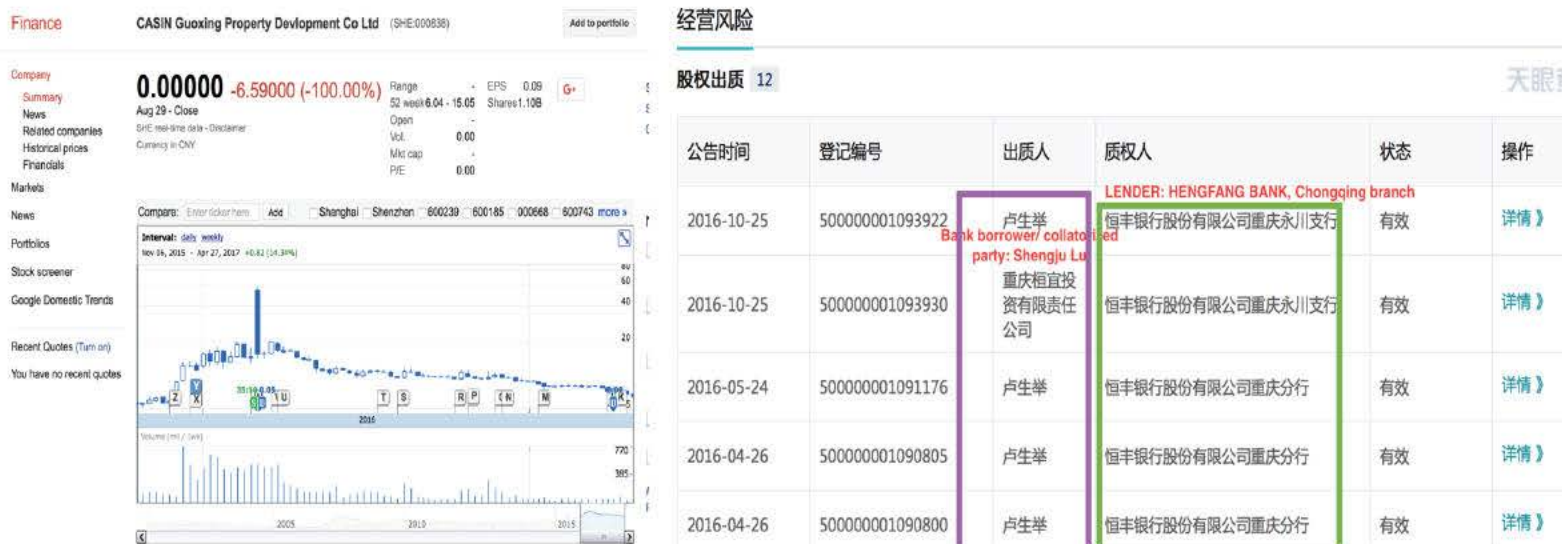
(2) is an obvious indicator that all Casin's assets (including its ownership of the CHX) are subject to Chinese government control:

公告时间	登记编号	Bank borrower / collateralized party: Shengju Lu	LENDER: HENGFENG Bank, Chongqing Branch	状态	操作
2016-10-25	500000001093922	卢生举	恒丰银行股份有限公司重庆永川支行	有效	详情 >
2016-10-25	500000001093930	重庆恒宜投资有限责任公司	恒丰银行股份有限公司重庆永川支行	有效	详情 >
2016-05-24	500000001091176	卢生举	恒丰银行股份有限公司重庆分行	有效	详情 >
2016-04-26	500000001090805	卢生举	恒丰银行股份有限公司重庆分行	有效	详情 >
2016-04-26	500000001090800	卢生举	恒丰银行股份有限公司重庆分行	有效	详情 >

❖ Casin has no more collateral to support the cash loan it took from the government bank as any google search will show that shares in Casin Development (Shenzhen Exchange Code 000838) have crashed and are no longer trading. A google search of filings of Casin's only public subsidiary, Casin Development, also show that it currently has a negative net shareholder equity, confirming the Chinese government control over the assets of Casin and ShengJu Lu (the father of proposed CHX investor and NA Casin Holdings Vice President, Jay Lu).⁶

❖ Investment blogs in China tie the CHX acquisition to the value of Casin Development (000838), which is a likely explanation of why the stock had a meteoric rise around the time that Casin announced its plans to buy the CHX⁷

Figure 3 - Casin Development Share Price & Casin Development Debt Report



⁵ See Caixin Finance: "Hengfeng Bank Shaken by Management Feuds, Regulatory Inquiries."

<http://www.caixinglobal.com/2016-11-22/101009986.html>

⁶ See CHX press release dated February 5, 2016: *Chinese Investor Group to Acquire Chicago Stock Exchange*.

<http://www.businesswire.com/news/home/20160205005113/en/Investor-Group-Acquire-Chicago-Stock-Exchange>

⁷ See Sina finance website, China's most popular financial news channel:

<http://guba.sina.com.cn/?s=bar&name=sz000838>