

**PROPOSED BUYER OF CHX CHONGQING CASIN ASSETS FROZEN IN 2016 AFTER USING OWN STOCK AS COLLATERAL TO BORROW FROM CHINESE GOVERNMENT ORGANIZATIONS**

- **Casin Funded By Questionable Government Related Subsidiaries.** The proposed ownership of the Chicago Stock Exchange (“CHX”) by Chongqing Casin Enterprise Group (“Casin”) is nothing more than a façade. Documents publically available on the Chinese public databases indicate that Casin is a shell that is funding its operations by using its subsidiaries to borrow massive sums of money from Chinese state banks or government controlled entities.
- **Casin Ownership Subject to Major Third Party Debts** Casin’s assets were frozen through the end of 2016 by the Chinese Central Government Court System (*Chongqing No. 5 Intermediate Court*)<sup>1</sup>:

■ 司法协助信息					
序号	被执行人	股权数额	执行法院	执行通知书文号	类型 状态
1	重庆财信企业集团有限公司 Casin Enterprise Group	5000万人民币元 \$8.3 Million USD	Chongqing No. 5 Intermediate Peoples Court. 重庆市第五中级人民法院	(2016)渝05民初335号之一	股权冻结 解除冻结
2	重庆财信企业集团有限公司 Casin Enterprise Group	5000万人民币元 \$8.3 Million USD	Chongqing No. 5 Intermediate Peoples Court. 重庆市第五中级人民法院	(2016)渝05民初335号之一	股权冻结 解除冻结

共 查询到 2 条记录 共 1 页

[首页](#)
[\\* 上一页](#)
[1](#)
[下一页 \\*](#)
[末页](#)

- **Casin Sells Its Own Shares and Corporate Control To Fund Acquisitions.** Casin has been using its own stock and the stock of its subsidiaries as security for those loans. *See Comment Letter of Michael Johnson* (Sept. 2, 2017) (Casin’s own stock fails as collateral to Chinese state run HengFeng Bank as its subsidiary *Casin Guoxing Property Development Co., Ltd.* drops to zero).<sup>2</sup>
- **More Casin Subsidiaries Under Government Controlled Banks.** *Casin Guoxing Property Development Co., Ltd.* is one of many dangerously leveraged Casin operating subsidiaries. *Chongqing Casin Environmental Protection Investment Holding Co.,* (the 100% parent of *Chongqing Casin Environment Resources Holding Co.*) is held in its entirety by Casin’s owner *Shengju Lu* and the affiliated *Chongqing Huan Yi Investment Co.* It is highly collateralized with its own shares as security for loans from Chinese state controlled investor, *PingAn Bank Co., Ltd.*<sup>3</sup>

■ 股权出质登记信息										
序号	登记编号	出质人	证照/证件号码	出质股权数额	质权人	证照/证件号码	Date: 股权出质设立登记日期	状态	公示日期	详情
1	500000001089456	重庆财信企业集团有限公司 Casin Enterprise Group	500000000005406	14250万元 \$23.75 Million	平安银行股份有限公司重庆分行 PingAn Bank Co., Ltd.		2016年1月28日	有效		查看
2	500000001089454	李启国 Qiguo Li	512301197005240510	750万元 \$1.25 Million	平安银行股份有限公司重庆分行 PingAn Bank Co., Ltd.		2016年1月28日	有效		查看

共 查询到 2 条记录 共 1 页

[首页](#)
[\\* 上一页](#)
[1](#)
[下一页 \\*](#)
[末页](#)

<sup>1</sup> <http://www.gsxt.gov.cn>

<sup>2</sup> <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-2273694-160974.pdf>

<sup>3</sup> See FN. 1.

- **Casin Ownership Subject to Control By Chinese Communist Party.** Reading the above information filing, which provided by the Chinese government itself, it becomes clear that Casin has pledged roughly \$23.75 Million of *Casin Environmental Protection Investment Holding Co.* stock to *PingAn Bank Co., Ltd.*, a company that is wholly owned by the Chinese Communist Party run Insurance Giant *PingAn Insurance*, which itself has a history of undisclosed government ownership.<sup>4</sup>
- **Funds for CHX Likely Subject to Major Debts Throughout Casin Organization.** *Casin's* method for acquiring cash by collateralizing its own stock by extension of the use of subsidiaries, with Chinese government controlled investors, is seemingly pervasive through its business. The below examples of *Chongqing Casin Environmental Protection Investment Holding Co.* (left), and; *Casin Guoxing Property Development Co., Ltd.* (right), both the source of hundreds of millions in borrowed money evidence this structure:

Company Name (Chinese)	Company Name (English)	Shareholding (%)	Registered Capital (RMB)
重庆财信环境资源股份有限公司	Chongqing Casin Environment Resources Holding Co.	-	-
重庆市财信环保投资股份有限公司(工商股东)	City of Chongqing Casin Environmental Protection Investment Holding Co.	100%	1000.0
重庆财信企业集团有限公司(工商股东)	Casin Enterprise Group	75.34%	2750.0
卢生举(工商股东)	ShengJu Lu	74.36%	11153.92
重庆恒宜投资有限责任公司(工商股东)	Chongqing Huan Yi Investment Co.	25.64%	3846.08
重庆财信房地产开发有限公司(工商股东)	Chongqing Real Estate Development Co.	20.55%	750.0
重庆财信企业集团有限公司(工商股东)	Casin Enterprise Group	100%	-
财信国兴地产发展股份有限公司	Casin Development (Shenzen Exch. No. 000838)	-	-
重庆财信房地产开发有限公司(十大股东)	Casin Real Estate Holdings	59.65%	-
重庆财信企业集团有限公司(工商股东)	Chongqing Casin Enterprise Group (Casin)	100%	-
卢生举(工商股东)	Shengju Lu	74.36%	11153.92
重庆恒宜投资有限责任公司(工商股东)	Chongqing Huan Yi Investment Co.	25.64%	3846.08

- **Casin's Assets and CHX Would Be Subject To Government Debt Collection.** By using its wholly owned subsidiary stock as collateral for massive loans from the Chinese Government, the Government can collect directly from Casin (including any CHX asset) if the debts remain unpaid.
- **Casin's Representation of Simple Ownership Structure to the SEC and CHX Are Misleading.** At the same time Casin put on a façade of a simple ownership structure and represented to the CHX and SEC that there was Chinese government involvement in Casin when in fact Casin is financed substantially by borrowing money from the Chinese government directly through *HengFeng Bank*, or indirectly through related organizations like *PingAn Bank Co., Ltd.*, all the while using a complex web of highly interrelated but undisclosed subsidiaries to source of Casin's capital and likewise the funding to buy the CHX.

### Conclusion

The proposed funds put up by Casin to buy the CHX are likely the result of substantial loans taken by Casin through one or more of its subsidiaries from entities directly controlled by, or under related control of the Chinese Central Government, such as the *HengFeng Bank* which holds hundreds of millions in Casin stock as security for an underwater loan. Casin subsidiaries to *PingAn Bank* and the freezing of Casin's assets through YE 2016 should raise substantial doubt at the SEC about the true proposed ownership and contemplated control of the CHX.

<sup>4</sup> [https://en.wikipedia.org/wiki/Ping\\_An\\_Insurance](https://en.wikipedia.org/wiki/Ping_An_Insurance)